

FOR BUSINESS CARS & VANS
TEL: 0783 44122
Blackburn • Cambridge • London • Sunderland
A Member of the Nationwide Cowie Group
COWIE
CONTRACT HIRE LTD

WORLD NEWS

Challenger to be replaced

THE US is to build a space shuttle to replace the Challenger, which crashed in January, the White House said yesterday.

Nasa space agency is to be taken out of the business of launching commercial satellites. It will provide places for the most important payloads already agreed, but it is hoped private corporations will relieve Nasa of most of the backlog.

Nasa payloads will be mainly devoted to national security, foreign policy and space exploration purposes, spokesman Larry Speakes said. Back Page

MIS move criticised

Labour MP Tam Dalyell said the Government was "shameful and dishonest" in trying to prevent publication of a former MIS officer's book in Australia while admitting claims in it of criminality and treachery were true.

Queen Mother unwell

The Queen Mother was admitted to hospital in Aberdeen for tests. She felt unwell after eating fish.

Trail of the Tamils

The 154 Tamil refugees rescued this week off Canada, who said they had come from Sri Lanka, actually sailed from a port on the River Weser, Hamburg police said. Back Page

Gandhi pledge on Sikhs

Indian Premier Rajiv Gandhi promised political initiatives and tough police action to stamp out Sikh extremism in the next few months. Page 2

Pakistan violence flares

Violence and anti-government agitation was reported in Pakistan for the third day in a row, following the arrest of all opposition leaders. Page 2

Sanctions for renewal

The White House indicated that President Reagan would renew the limited sanctions he imposed against South Africa last year, and might consider new ones. Page 2

IRA 'obscenities' rapped

Irish Army chief of staff Lt-Gen Tadgh O'Neill condemned the IRA's "murderous obscenities". Page 3

Glimmers of peace

Six climbers, including Briton Alan Rouse, are missing and feared dead on K2 in the Himalayas, the world's second-highest mountain.

Turkish raid in Iraq

Turkey said its air force bombed Kurdish hide-outs in Iraq, five days after Kurds ambushed and killed 12 Turkish soldiers. Page 2

Church bells ring again

Church bells rang in Peking for the first time since they were banned in 1968.

Wine mountain

Chammy wine merchant Henri Perrier built a pyramid of 5,636 glasses of champagne—750 litres—to celebrate the 200th anniversary of the conquest of Mont Blanc.

Briefly

Yugoslavia spent two-thirds of its £1.7bn budget on defence last year.
Zsa Zsa Gabor, actress, married her eighth husband in Los Angeles.

MARKETS

DOLLAR

New York luncheon: DM 2.0618
FF 1.6701
SF 1.6635
Y153.05
London: DM 2.063 (2.062)
FF 1.6705 (1.6705)
SF 1.6625 (1.662)
Y154.15 (153.7)
Dollar index 110.6 (110.5)
Tokyo close Y154.3

US LUNCHEON RATES

Fed Funds 6 1/2 %
3-month Treasury Bills: yield: 5.69 %
Long Bond: 9 1/2 %
yield: 7.38 %

GOLD

New York: Comex December latest \$300.6
London: \$322.875 (\$324.76)

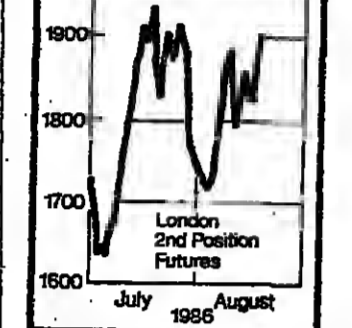
BUSINESS SUMMARY

Share price recovery continues

LONDON share prices continued their recovery yesterday, encouraged by the increasing optimism on interest rates.

In active trading the FT-SE index rose by 13.7 to 1601.9, up more than 75 points on the week. The FT Ordinary Share index added 1.8 to 1271.0, a gain of 53.6 on the week—almost reversing the previous week's 56 point fall. Back Page; Stock Exchange, Page 11

COFFEE FUTURES prices rose sharply in London on rumours that an official Brazilian crop estimate next week will show



that the 1985 drought did more damage to the country's crop than anticipated. The November position ended the day 280 up at £1,022.5 a tonne. Page 11

BRITISH TELECOM made its debut in the Eurobond market with a \$250m issue, its first long-term borrowing since privatisation in 1984. Back Page

US INDUSTRIAL production fell by 0.1 per cent in July, its third consecutive monthly fall. Page 2

DENMARK'S finance minister Mr Palle Simonsen presented the 1987 draft budget and said the government had no plans to change its economic policies to reduce the large current account deficit. Back Page

CEMENT-makers' price-fixing agreement, cleared by the Restrictive Practices Court in 1962 and 1973, is to be investigated on behalf of the Office of Fair Trading to see if there are grounds for referring the case back to the court. Back Page

TRACTOR production in the UK fell by almost a fifth in the first six months of this year compared with the same period last year. Page 4

LLOYD'S insurance market sharply increased the cost of war insurance on oil cargoes in the Gulf in the wake of Tuesday's Iraqi attack on Iran's Sirri island oil terminal.

CAR OUTPUT in July reflected a continuing underlying improvement according to Trade and Industry Department estimates. Page 3

ISRAEL'S INFLATION rate was zero for the month of July, compared with 27.5 per cent the previous July. The annual inflation rate has been around 15 per cent since the government introduced a wages and prices freeze a year ago. Tax reform "essential," Page 2

NORWEGIAN oil output could hit record levels, topping 1m barrels a day within the next year, according to company projections in a Reuters survey.

TRICENTROL, the oil independent, announced a second quarter loss of £4m after tax, compared to a profit of £6.2m in the same period last year, and will not be paying an interim dividend. Page 8; Lex, Page 8

AGE RESEARCH, the market research company, announced annual pre-tax profits down from £9.2m to £7.55m. Page 8

OKLAHOMA'S second largest bank, Bank of Oklahoma, was rescued by \$130m aid from the Federal Deposit Insurance Corporation. Page 9

Rolls-Royce wins engine order for 16 BA Jumbo jets

BY MICHAEL DONNE AND MICHAEL CASSELL

ROLLS-ROYCE has won an order worth well over £600m to supply engines for 16 Jumbo jets destined for service with British Airways. The company's success was in the face of intense competition from General Electric and Pratt & Whitney of the US.

The engines will go into 16 Boeing 747-400 long-range aircraft and there is an option on 12 additional Jumbos.

The deal total value is \$2.3bn (£1.54bn), of which more than £600m will go to Rolls-Royce over the life of the aircraft in service. If the 12 options become firm orders, a total \$4.1bn will be involved.

Mr John Moore, Transport Secretary, has approved the arrangement. The Government stressed yesterday that it had been made solely on commercial grounds—no political pressure had been exerted on BA.

Mr Moore said: "I believe this is good news for the future of BA and Rolls-Royce. Rolls-Royce has shown that British

engines can compete in world markets—and win."

Government approval is required for all BA expenditure while the airline remains state-owned. It was clear throughout the long negotiations, however, that BA could not ignore the political consequences of buying a foreign-built engine, in the light of the impending privatisation of both itself and Rolls-Royce.

Although the engine battle is over, a second competition is emerging over who will provide the cash for the purchases. BA will take the aircraft on long-term operating leases and two rival consortia are bidding to supply funds. One is being set up by Goldman Sachs of the US, and the other is believed to include such leading US institutions as Chemical Bank.

Virtually every important bank and aviation financing institution on both sides of the Atlantic is expected to be involved in one group or the other, as is customarily the

case with such large financing deals and especially with an airline as big as BA.

Government ministers were relieved that the decision had gone in favour of Rolls-Royce. They had expected a big political row in the autumn if US engine suppliers had been chosen.

In July Mrs Thatcher, the Prime Minister, came under pressure in the Commons from Mr Neil Kinnock, the Labour Leader, when he called on the Government to ensure that the national flag-carrier airline bought British.

Mrs Thatcher said Rolls-Royce would have to win the order on merit if it intended to remain an effective and thriving aero-engine manufacturer.

General Electric, which has a work-sharing agreement with Rolls-Royce, had no immediate comment to make on BA's decision.

It is no secret, however, that Continued on Back Page Background, Page 3

Volvo, GM to link truck operations in N America

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VOLVO OF SWEDEN and General Motors of the US plan to merge their heavy truck operations in North America. The Swedish concern will have majority ownership and operational control.

The companies said yesterday they had signed a memorandum of understanding, with Volvo's stake in the joint venture being at least 65 per cent. The memorandum is not yet legally binding and final agreement is subject to approval by US and Swedish authorities.

The venture, to be called the Volvo GM Heavy Truck Corporation, will be based on Volvo's wholly-owned US subsidiary, Volvo White Truck Corporation, in Greensboro, North Carolina, and the heavy duty truck operations of GM's Truck and Bus Group in Pontiac, Michigan.

It is understood that in addition, General Motors will pay an estimated \$50m to \$75m (£30m to £50m) for its stake in the venture, which will not include GM's light and medium truck and bus operations.

The deal could involve Bedford, General Motors' UK truck subsidiary, which has only a small presence in the heavy truck market.

Volvo and GM plan to form the operation late this year. It would become fully operational within two years. A second joint venture to distribute heavy trucks in Canada would be established in January 1987, based in Toronto.

The proposed deal marks a significant boost for Volvo already the world's third largest heavy truck manufacturer behind Daimler-Benz, of West Germany, and Renault/Mack.

It could potentially double the size of its North American truck operations.

The world heavy truck market suffers from serious overcapacity and several manufacturers are losing money. The GM/Volvo proposal could mark an important turning point in the restructuring of the US market.

GM, which has lost much of its market share in recent years, has been pessimistic about growth prospects. The company's models are about 12 years old. To stay in the heavy truck sector, it would have had to invest heavily in a new range. Instead, it has concentrated on medium-duty vehicles, where it has a stronger market position.

Volvo, which has a strong record in product development and is one of the most profitable heavy truck makers, entered the US market in 1981, taking over most of the truck manufacturing assets of the White Motor Corporation, which was on the brink of financial collapse.

The merger with GM's heavy truck operations will give the joint venture a potential US market share of 15 per cent to 18 per cent, putting it in the same league as Mack, Paccar (Peterbilt and Kenworth) and ahead of the Daimler-Benz freightliner subsidiary, but still some way behind the market leader, Navistar (formerly International Harvester).

Last year Navistar led class eight registrations heavy duty trucks of more than 15 tonnes in the US, with 30,065 units. It was followed by Mack, 24,751 units; Paccar, 24,286 units; Freightliner, 18,705 units; Ford 14,827; GMC (General Motors), 11,007; and Volvo/White Auto-car, 12,020.

Under the joint venture, the manufacturing operations would be based at Volvo/White's three existing plants in Virginia. Continued on Back Page

US acquisition gives ICI lead in paint-making

BY TONY JACKSON AND PAUL TAYLOR

ICI HAS become the world's biggest paint maker with the purchase of Glidden of the US from Hanson Trust for \$580m (£390m). Glidden was bought by Hanson as part of its \$850m acquisition of the US conglomerate SCM at the start of the year.

Glidden is the sixth biggest paint company in the world by volume, with sales last year of 285m litres. The previous world leader was PPG (Pittsburgh Paint and Glass) of the US, with 450m litres. ICI, previously third in the world league table, will now be more than half again as large as PPG.

In the year ending June 1986 Glidden had sales of \$655m and pre-tax profits of \$62.2m. ICI said Glidden's average growth in volume between 1982 and 1986 had been 7 per cent—twice the rate of the US market—and profits had grown by an average 19 per cent.

ICI's own paint sales are over \$1.25bn, and it has plants in 26 countries.

ICI said the price/earnings ratio was just over 17, with net assets around \$220m. The purchase, which will be wholly for cash, will raise ICI's ratio of borrowings to assets from 21 per cent to 27 per cent.

Mr Archie Donaldson, group treasurer, said this left plenty of room for further acquisitions. "We could do two more like this before reaching our existing borrowing limits," he said. The limits are to be almost doubled, subject to shareholders' agreement, at the start of next month.

Mr Denis Henderson, chairman-elect of ICI and former head of its paint division, said: "We've been tracking Glidden for a year or two. We registered our interest with SCM before their acquisition by Hanson, but they weren't selling. As soon as Hanson bought, we put it to them."

ICI has no direct sales of paint in the US, and Glidden has only 10 per cent of its sales outside its home market. ICI said the deal would make it the world's biggest maker of decorative paints, can coatings and powder coatings. ICI has the option to acquire Glidden's South American business, accounting for the remaining 10 per cent of sales, in the next six months.

The missing link in the deal is access to the US market for automotive paints, where ICI has a technological lead with the new generation of water-borne (as against the more polluting solvent-borne) paints.

Mr Henderson said: "We do not rate Detroit, and we do not see the chances of starting a greenfields site in the US too highly." He pointed out that ICI

TOP TEN PAINT PRODUCERS

- Annual Output in Millions of Litres
- 1 ICI (UK) 720
 - 2 PPG (US) 450
 - 3 BASF (W Germany) 440
 - 4 Hoechst (W Germany) 320
 - 5 Sherwin Williams (US) 300
 - 6 Akzo (Netherlands) 270
 - 7 Nippon (Japan) 220
 - 8 Kansai (Japan) 210
 - 9 Dupont (US) 200
 - 10 International (UK) 175

Recent acquisitions: Glidden (by ICI) 233m litres; Ammont (by BASF) 180m litres approx.

already licenses its water-borne technology to Du Pont and PPG, describing this as "second-best."

Mr Donaldson said the acquisition would contribute a net \$50m a year to ICI profits, after interest costs. ICI's price rose 4 1/2 to £101.

In New York the acquisition of Glidden by ICI was hailed by senior executives from both companies and described by Sir Gordon White, who runs Hanson's US operations, as "an excellent transaction for all parties."

Sir Gordon, who led Hanson's bitter court battle for control of SCM at the end of last year which in part hinged upon the valuation of SCM assets, said the deal "represents an attractive return on investment for our shareholders and will provide greater flexibility for us to pursue other opportunities."

He also noted that upon completion, Hanson will have raised nearly \$810m through the sale of SCM assets which were acquired for about \$920m. After the sale of Glidden, SCM will continue to be a leading producer of chemicals, including titanium dioxide, which is supplied to Glidden and others, paper, and consumer products, including Smith-Corona typewriters and Duracell batteries.

Mr John Dumbell, Glidden's president, said that a primary attraction of the deal for Glidden was ICI's strong research and development base. ICI's senior US executives expressed confidence that the acquisition will have an immediate positive earnings impact. The deal represented a further significant expansion of ICI's US operations and a key entry into the \$8bn-a-year US coatings and resins market.

Mr Harry Corless, chairman of ICI Americas, ICI's Wilmington, Delaware-based US subsidiary, said as recently as 1982 ICI's US sales had reached \$1bn, and that in only four years this had increased to more than \$3bn. Background, Page 8; Lex, Back Page

WEEKEND FT



ENDANGERED

Two hundred year old, after Captaining Iron, last's age gardeners' surprise. Robin Linn-Fox makes a new plea for England's ancient and pleasant land.

PAGE 1



RETAILING

Two of the nation's most powerful companies are gearing for autumn. So what's in store?

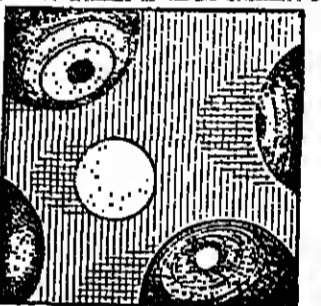
PAGE IX



FINANCE

The £1bn flotation of the Trustee Savings Bank looks sure to go ahead next month. What are its prospects?

PAGE IV



SPORT

Large numbers of spectators in one place can spell trouble—but not when they are playing bowls.

PAGE XII

Inflation falls to 2.4% in July

BY GEORGE GRAHAM

INFLATION SLOWED in July for the seventh consecutive month, dropping to an annual rate of 2.4 per cent, the Employment Department said yesterday. Prices fell by 0.3 per cent in the month as fresh vegetables became cheaper and summer sales cut the price of clothing and household equipment. The drop was the sharpest in a single month since 1967.

The continued fall last month provides a welcome fillip for the Government. Other economic signals have been less encouraging. This week it was announced that manufacturing output remains flat and that unemployment continues to climb.

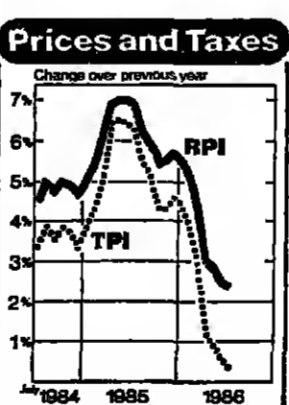
The Treasury said yesterday that the annual rate of inflation still fell last month, to 3.2 per cent from 3.3 per cent in June, even if mortgage interest rates, which often move the retail price index erratically, were excluded.

Last month's drop was largely the result of a 1.5 per cent decrease in the cost of fresh vegetables, with cauliflowers, carrots, tomatoes and new potatoes all falling in price. Also, lamb dropped by 18p to 20p a pound.

Petrol prices dipped again last month, to an average of £1.62 a gallon. Over the past year the steady slide in petrol prices has directly lowered the rate of inflation by about 0.9 percentage points.

Many forecasters now expect inflation to creep up again towards the year's end. Indeed, many had believed June's rate of 2.5 per cent would prove to be the low point.

Prices in several sectors are thought to be rising this month as summer sales cease, discounts on coal are removed and



public-house beer prices are raised. Also, most leading oil companies have increased petrol prices by 7p a gallon, though only Shell announced its rise in time for the August Retail Price Index.

However, fresh vegetable prices may have fallen further and the annual rate of inflation will decrease if the August increase is less than 0.3 per cent.

The Tax and Price Index, which measures the rise in gross taxable income needed to compensate for the rise in retail prices, last month fell to a level only 0.4 per cent higher than a year earlier.

Ministers are seriously concerned about the continuing rise in average earnings, at an underlying rate of 7 1/2 per cent a year, when for three successive months the Tax and Price Index has shown an annual rate of increase of less than 1 per cent.

The Retail Price Index last month stood at 384.7 (January 1974=100), while the TPI registered 192.1 (January 1978=100).

Editorial Comment, Page 6; Recovery in equities continues, Back Page

DON'T MISS OUT ON THE PHENOMENAL GROWTH OF WARDLEY UNIT TRUSTS

JAPAN GROWTH +408% SINCE OCT '82
EUROPEAN GROWTH +124% SINCE JAN '85
INTERNATIONAL GROWTH +62% SINCE NOV '85

These funds all have one thing in common. Remarkable growth, calculated after tax, income and reinvested, to 12th August 1986.

That should be the first thing that attracts you!

The second thing should be our credentials. Wardley is a subsidiary of the Hongkong and Shanghai Banking Corporation, one of the largest financial companies in the world.

With its own investment offices in London, Tokyo, Hong Kong, Melbourne and New York, Wardley benefits from invaluable intelligence resources in the major sectors. We are therefore able to react to market movements fast. This has been a contributing factor to a 76% rise of our Japan Growth Trusts this year alone.

And if you think that a strong performance in Japan is no proof of fund management expertise, how about the 56% rise in value of our Far East & General Trust this year. This fund invests in the specialised markets of Hong Kong, Singapore, Malaysia, Australia, Philippines and Korea as well as Japan, and appeals to the investor looking for a degree of controlled risk with potential high rewards.

So now that you have been impressed by our track record and reassured by our credentials, can we cater for your individual investment needs?

If you don't want to invest a lump sum, we offer the Capital Builder monthly savings scheme. And if you want us to do all the work, we offer a managed Unit Trust portfolio service for \$150 p.a.

So whatever your investment needs, you can always turn to Wardley. We have the funds, the performance and the credentials. And we have all the services to suit your requirements.

To find out more, simply send us the coupon below. Or better still, call us now on 01-829 1532/1534.

Mr David RR, Wardley Unit Trust Managers
Wardley House, 7 Devonshire Square, London EC2M 4HN

Please send me details of investing in:

Japan	<input type="checkbox"/>	Far East & General	<input type="checkbox"/>
Europe	<input type="checkbox"/>	Capital Builder	<input type="checkbox"/>
International	<input type="checkbox"/>	UT Portfolio Service	<input type="checkbox"/>

Name: _____
Address: _____
Postcode: _____

Wardley
Fund Managers Worldwide
Wardley Unit Trust Managers Limited,
Wardley House, 7 Devonshire Square,
London EC2M 4HN.
Telephone: 01-829 1532 or 1534.
Member: Hongkong Bank Group

OVERSEAS NEWS

Reagan to renew limited sanctions against S Africa

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE WHITE HOUSE yesterday indicated that President Ronald Reagan would renew the limited sanctions that he imposed against South Africa last year and said that the question was whether he would add further anti-apartheid measures.

Mr Larry Speakes, the White House spokesman, said that while a final decision had not been made, he would "anticipate certainly" that Mr Reagan would renew the sanctions, which began in early next month.

Mr Reagan had not dropped or lessened his opposition to new sanctions, Mr Speakes said. But he would consider what further action might be necessary when reviewing the earlier measures.

Mr Speakes' comments came as the Republican-led Senate continued to work towards the adoption of a package of new US economic sanctions, going much further than Mr Reagan's, with a final vote likely later last night.

The vote was expected to put further pressure on Mr Reagan to agree to tougher action against Pretoria two-day debate, with 30 or more amendments still to be considered.

The Senate measures, while stiffer than Mr Reagan's, are much less sweeping than a bill already passed by the Democrat-controlled House of Representatives, which would sever virtually all US trade and investment ties with South Africa.

The two bills would have to be reconciled in conference negotiations next month before being sent to Mr Reagan for signature or a veto.

The Senate bill would also renew Mr Reagan's sanctions of last September, which included restrictions on US loans and sales of computer and nuclear technology to South Africa, as well as a ban on imports of gold kruggerands.

In addition, the Senate package would ban new US investment in South Africa, bank loans and imports of coal and uranium. It would withdraw US landing rights from South African Airways and bar the South African Government and state-controlled companies from using the US banking system.

In voting on amendments, the Senate has now included a ban on South African textile exports, but narrowly rejected a bid by Democratic Senator Edward Kennedy of Massachusetts to include agricultural products and steel.

The Senators also deleted a proposal to urge Mr Reagan to sell US gold stocks to depress the world price and restrictions on US visas for South African officials.

As Congress struggled to complete its business before the three-week August recess, due to start later last night, the House was still ploughing through a \$285bn (£191bn) defence authorisation bill which has enraged the Administration by trying to impose liberal arms control policies that Mr Reagan rejects. A final vote was also expected later last night.

Meanwhile, the House Appropriations Committee voted 24 to 12 to reopen the US Army's \$75m handgun contract with the Italian Beretta company, described by Beretta as "the major pistol contract of the century."

The committee ordered a new competition to allow the American Smith & Wesson company to have another shot at the contract to replace the legendary Colt .45.

S African detainees on hunger strike

By Jim Jones in Johannesburg

MORE THAN 600 South African emergency detainees began hunger strikes yesterday according to lawyers acting on their behalf.

Their lawyers said that 601 emergency prisoners at the Helderberg Prison outside Johannesburg had announced the hunger strikes in a letter smuggled out of prison.

The detainees are protesting at their treatment in prison and in support of demands that the country-wide state of emergency should be lifted and that recent amendments to security legislation be scrapped.

Yesterday the prisons service denied that the detainees were on hunger strike. On Monday a full bench of the Natal Supreme Court in Durban ordered the release of Mr Lechesa Tsenoli, the UDF's Natal publicity secretary, finding that his detention had been unlawful because President P. W. Botha had acted beyond his powers when he issued emergency arrest and detention regulations.

The judgment brought a flood of applications for the release of emergency detainees, a trend stalled on Thursday when a full bench of the Natal Supreme Court sitting in Pietermaritzburg refused a release application and found that the emergency arrest and detention regulations were not unlawful.

The matter has now to be decided by the appellate division in Bloemfontein. Researchers at the University of the Witwatersrand estimate that rent boycotts by black township residents are costing the state about R1m (£266,000) a day. The Community Research Group says the boycott is about 60 per cent effective and is affecting about 300,000 households in 33 townships in the eastern Cape and the industrial areas of the Southern Transvaal.

In the Pretoria-Witwatersrand-Vereniging area alone the boycott is estimated to have cost the state R1m in Soviet monthly rent elections, are currently running at about one third of their normal R9m.

Zambia 'curbs' trade with Pretoria

By Michael Holman

THE BANK of Zambia has reported yesterday to have introduced curbs on trade with South Africa.

Although no formal statement has been made by the Zambian authorities, bankers and traders said that the country's central bank was no longer providing foreign exchange for letters of credit or invoices covering transactions with Pretoria.

There was speculation that the move was in retaliation for restrictions South Africa last week placed on goods travelling to Zambia, following President Kenneth Kaunda's support of sanctions against Pretoria.

A more likely cause, however, is Zambia's acute shortage of foreign exchange, which may be forcing the Central Bank to restrict imports to essentials. It is unlikely that trade with South Africa, from which the country's vital copper mining sector gets much of its supplies, would be cut off altogether.

The effective collapse of Zambia's agreement with the International Monetary Fund (IMF) for a two-year SDR 230m loan may have exacerbated the country's economic difficulties. The first tranche was drawn shortly after the agreement was signed in February but there have been no further drawings because of the Government's failure to meet all the terms of the loan.

An important element was the introduction of a foreign exchange rationing system, supported by western donors, under which the hard currency available is auctioned each week to the highest bidders. Donors have helped fund the scheme, but their backing has been conditional on compliance with the IMF terms.

Gandhi toughens stance on Sikh extremists

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government is to combine political initiatives with tough police action in a bid to stamp out violent Sikh extremism within the next few months, Mr Rajiv Gandhi, the Prime Minister, said yesterday.

Speaking on the 30th anniversary of the country's independence, he said: "We will not be found lacking in use of force, police action, political will and dedication."

The Prime Minister's tough remarks come at a time when an increase in terrorist attacks by Sikhs has been accompanied by growing police success in arresting leading extremists in the Sikh home state of Punjab.

Mr Gandhi, who was abroad when a former army chief of staff was assassinated last Sunday, chose yesterday's independence celebrations to pledge fresh action and to build morale among the armed services.

He broke with tradition by broadcasting to the armed forces yesterday evening. "External destabilising forces," he warned, were trying to take advantage of the current "sensitive" situation. "You must renew your pledge to safeguard our nation and combat these forces in a firm manner," he said.

The Indian Government has frequently accused Pakistan, which borders the Indian state of Punjab, of helping to train Sikh extremists. A special security zone is planned by India along this stretch of its border with Pakistan.

Mr Gandhi spoke from the ramparts of Delhi's 17th century Red Fort, standing behind a bullet-proof screen and some of the tightest security seen in the city.

"I am sure that over the next few months we will be able to tackle terrorism and wipe out terrorists completely," he declared. "This will have to happen soon for we cannot permit this to go on for long."

He also promised to provide adequate protection from extremist attacks for individuals and warned that the "extremists might strike once or twice again" before being eliminated.

A protest day called by a break-away group from the Punjab state's ruling Akali Dal, drew little response yesterday although some black flags and flags of the Sikhs' Khalistan independence movement, were flown in the Punjab.

John Elliott analyses the implications of this week's clamp-down on the opposition

Pakistan politics back in the melting pot

BY JOHN ELLIOTT IN NEW DELHI

PAKISTAN'S long history of political instability has entered a new phase of uncertainty with the killing on Thursday by security forces of four protesters in the north-eastern city of Lahore and the arrest in the commercial capital of Karachi and elsewhere of several hundred political activists, including Miss Benazir Bhutto, the country's leading opposition figure.

The clamp-down was ordered by Mr Mohammad Khan Junejo, Prime Minister for the past 17 months, who was picked by the country's president, General Zia-ul-Haq, to ease the country into a form of parliamentary democracy after nine years of military rule.

But the action may, ironically, have done Miss Bhutto more good than harm because it has probably turned the popularity handwagon she has ridden since she returned to the country in April into a real political campaign, sharpening the focus of her battle with the Government and enlarging her political base.

This week, Miss Bhutto had failed to make the transition to a political campaign and so was making relatively little headway with her demands for elections before the due date of 1980.

The Government's problems now seem larger. Opposition parties, which had planned a September campaign to oust President Zia, have now decided to begin their action on Monday.

The government crack-down raises a number of questions. Has Mr Junejo, with his lack of political experience, allowed the security forces to over-react and has he created a bigger crisis than the Government expected? Or is it all part of a strategy carefully thought out by President Zia to which Mr Junejo may or may not have been privy?

Any assessment is complicated by the fact that President Zia, one of the world's most capable political strategists, is out of the country following the paths of devout Muslims on a Haj pilgrimage to Mecca. He appears to be in no danger of being ousted in a coup and will presumably be able to disclaim responsibility for what has happened when he returns.

President Zia came to power in 1977 when he ousted President Zulfikar Ali Bhutto, Miss Bhutto's father, who was later executed. President Zia ruled as Martial Law Administrator until the beginning of this year when martial law was lifted. By then Prime Minister Junejo had already been installed in a newly elected but non-party national assembly.

Throughout this period President Zia skillfully followed his instincts, tempered by the views of fellow top generals whose personal ambitions he adroitly checked, and influenced by the US, which has seen Pakistan as a front-line buffer state against Communism since the Soviet Union invaded Afghanistan in 1979.

But at the end of last year he was uncharacteristically changed tack on two counts which now take on significance. First, he was persuaded by Mr Junejo to allow political parties to operate, despite his own wish for them to remain in the background until the run-up to the 1980 elections. Mr Junejo argued the assembly could not be controlled without the mechanism of a party, and formed a new Muslim League which is now the governing party.

Miss Bhutto's Pakistan People's Party (PPP) boycotted the elections last year so is not represented in the parliament. She has been demanding early elections and Mr Junejo's Initiative both increased her freedom to operate and lent logic to her argument.

Such elections, however, would probably give the PPP a victory and return Miss Bhutto as Prime Minister, despite splits within her own party.

The second point on which President Zia changed tack was his publicly-declared intention to retire as Chief of Army Staff within a few days of martial law ending. He decided to retain the post, acting as he put it, as a "bridge" between martial law and a democratic regime. His decision may have been based on the realisation that relaxing the ban on political parties could cause problems. It means that this weekend he is in supreme control of the military, even though Miss Bhutto is Minister of Defence as well as Prime Minister.

President Zia's main problem for the future is that he and Miss Bhutto could not co-exist as President and Prime Minister. She would almost certainly have to put him on trial for alleged constitutional and other offences and has indicated she would prefer him to spare her the embarrassment by quietly leaving the country.

Initially President Zia hoped her popular appeal would wane once initial curiosity at her return diminished. That has not happened, so once it became clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

Gandhi toughens stance on Sikh extremists

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government is to combine political initiatives with tough police action in a bid to stamp out violent Sikh extremism within the next few months, Mr Rajiv Gandhi, the Prime Minister, said yesterday.

Speaking on the 30th anniversary of the country's independence, he said: "We will not be found lacking in use of force, police action, political will and dedication."

The Prime Minister's tough remarks come at a time when an increase in terrorist attacks by Sikhs has been accompanied by growing police success in arresting leading extremists in the Sikh home state of Punjab.

Mr Gandhi, who was abroad when a former army chief of staff was assassinated last Sunday, chose yesterday's independence celebrations to pledge fresh action and to build morale among the armed services.

He broke with tradition by broadcasting to the armed forces yesterday evening. "External destabilising forces," he warned, were trying to take advantage of the current "sensitive" situation. "You must renew your pledge to safeguard our nation and combat these forces in a firm manner," he said.

The Indian Government has frequently accused Pakistan, which borders the Indian state of Punjab, of helping to train Sikh extremists. A special security zone is planned by India along this stretch of its border with Pakistan.

Mr Gandhi spoke from the ramparts of Delhi's 17th century Red Fort, standing behind a bullet-proof screen and some of the tightest security seen in the city.

"I am sure that over the next few months we will be able to tackle terrorism and wipe out terrorists completely," he declared. "This will have to happen soon for we cannot permit this to go on for long."

He also promised to provide adequate protection from extremist attacks for individuals and warned that the "extremists might strike once or twice again" before being eliminated.

A protest day called by a break-away group from the Punjab state's ruling Akali Dal, drew little response yesterday although some black flags and flags of the Sikhs' Khalistan independence movement, were flown in the Punjab.

John Elliott analyses the implications of this week's clamp-down on the opposition

Pakistan politics back in the melting pot

BY JOHN ELLIOTT IN NEW DELHI

PAKISTAN'S long history of political instability has entered a new phase of uncertainty with the killing on Thursday by security forces of four protesters in the north-eastern city of Lahore and the arrest in the commercial capital of Karachi and elsewhere of several hundred political activists, including Miss Benazir Bhutto, the country's leading opposition figure.

The clamp-down was ordered by Mr Mohammad Khan Junejo, Prime Minister for the past 17 months, who was picked by the country's president, General Zia-ul-Haq, to ease the country into a form of parliamentary democracy after nine years of military rule.

But the action may, ironically, have done Miss Bhutto more good than harm because it has probably turned the popularity handwagon she has ridden since she returned to the country in April into a real political campaign, sharpening the focus of her battle with the Government and enlarging her political base.

This week, Miss Bhutto had failed to make the transition to a political campaign and so was making relatively little headway with her demands for elections before the due date of 1980.

The Government's problems now seem larger. Opposition parties, which had planned a September campaign to oust President Zia, have now decided to begin their action on Monday.

The government crack-down raises a number of questions. Has Mr Junejo, with his lack of political experience, allowed the security forces to over-react and has he created a bigger crisis than the Government expected? Or is it all part of a strategy carefully thought out by President Zia to which Mr Junejo may or may not have been privy?

Any assessment is complicated by the fact that President Zia, one of the world's most capable political strategists, is out of the country following the paths of devout Muslims on a Haj pilgrimage to Mecca. He appears to be in no danger of being ousted in a coup and will presumably be able to disclaim responsibility for what has happened when he returns.

President Zia came to power in 1977 when he ousted President Zulfikar Ali Bhutto, Miss Bhutto's father, who was later executed. President Zia ruled as Martial Law Administrator until the beginning of this year when martial law was lifted. By then Prime Minister Junejo had already been installed in a newly elected but non-party national assembly.

Throughout this period President Zia skillfully followed his instincts, tempered by the views of fellow top generals whose personal ambitions he adroitly checked, and influenced by the US, which has seen Pakistan as a front-line buffer state against Communism since the Soviet Union invaded Afghanistan in 1979.

But at the end of last year he was uncharacteristically changed tack on two counts which now take on significance. First, he was persuaded by Mr Junejo to allow political parties to operate, despite his own wish for them to remain in the background until the run-up to the 1980 elections. Mr Junejo argued the assembly could not be controlled without the mechanism of a party, and formed a new Muslim League which is now the governing party.

Miss Bhutto's Pakistan People's Party (PPP) boycotted the elections last year so is not represented in the parliament. She has been demanding early elections and Mr Junejo's Initiative both increased her freedom to operate and lent logic to her argument.

Such elections, however, would probably give the PPP a victory and return Miss Bhutto as Prime Minister, despite splits within her own party.

The second point on which President Zia changed tack was his publicly-declared intention to retire as Chief of Army Staff within a few days of martial law ending. He decided to retain the post, acting as he put it, as a "bridge" between martial law and a democratic regime. His decision may have been based on the realisation that relaxing the ban on political parties could cause problems. It means that this weekend he is in supreme control of the military, even though Miss Bhutto is Minister of Defence as well as Prime Minister.

President Zia's main problem for the future is that he and Miss Bhutto could not co-exist as President and Prime Minister. She would almost certainly have to put him on trial for alleged constitutional and other offences and has indicated she would prefer him to spare her the embarrassment by quietly leaving the country.

Initially President Zia hoped her popular appeal would wane once initial curiosity at her return diminished. That has not happened, so once it became clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

Gandhi toughens stance on Sikh extremists

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government is to combine political initiatives with tough police action in a bid to stamp out violent Sikh extremism within the next few months, Mr Rajiv Gandhi, the Prime Minister, said yesterday.

Speaking on the 30th anniversary of the country's independence, he said: "We will not be found lacking in use of force, police action, political will and dedication."

The Prime Minister's tough remarks come at a time when an increase in terrorist attacks by Sikhs has been accompanied by growing police success in arresting leading extremists in the Sikh home state of Punjab.

Mr Gandhi, who was abroad when a former army chief of staff was assassinated last Sunday, chose yesterday's independence celebrations to pledge fresh action and to build morale among the armed services.

He broke with tradition by broadcasting to the armed forces yesterday evening. "External destabilising forces," he warned, were trying to take advantage of the current "sensitive" situation. "You must renew your pledge to safeguard our nation and combat these forces in a firm manner," he said.

The Indian Government has frequently accused Pakistan, which borders the Indian state of Punjab, of helping to train Sikh extremists. A special security zone is planned by India along this stretch of its border with Pakistan.

Mr Gandhi spoke from the ramparts of Delhi's 17th century Red Fort, standing behind a bullet-proof screen and some of the tightest security seen in the city.

"I am sure that over the next few months we will be able to tackle terrorism and wipe out terrorists completely," he declared. "This will have to happen soon for we cannot permit this to go on for long."

He also promised to provide adequate protection from extremist attacks for individuals and warned that the "extremists might strike once or twice again" before being eliminated.

A protest day called by a break-away group from the Punjab state's ruling Akali Dal, drew little response yesterday although some black flags and flags of the Sikhs' Khalistan independence movement, were flown in the Punjab.

John Elliott analyses the implications of this week's clamp-down on the opposition

Pakistan politics back in the melting pot

BY JOHN ELLIOTT IN NEW DELHI

PAKISTAN'S long history of political instability has entered a new phase of uncertainty with the killing on Thursday by security forces of four protesters in the north-eastern city of Lahore and the arrest in the commercial capital of Karachi and elsewhere of several hundred political activists, including Miss Benazir Bhutto, the country's leading opposition figure.

The clamp-down was ordered by Mr Mohammad Khan Junejo, Prime Minister for the past 17 months, who was picked by the country's president, General Zia-ul-Haq, to ease the country into a form of parliamentary democracy after nine years of military rule.

But the action may, ironically, have done Miss Bhutto more good than harm because it has probably turned the popularity handwagon she has ridden since she returned to the country in April into a real political campaign, sharpening the focus of her battle with the Government and enlarging her political base.

This week, Miss Bhutto had failed to make the transition to a political campaign and so was making relatively little headway with her demands for elections before the due date of 1980.

The Government's problems now seem larger. Opposition parties, which had planned a September campaign to oust President Zia, have now decided to begin their action on Monday.

The government crack-down raises a number of questions. Has Mr Junejo, with his lack of political experience, allowed the security forces to over-react and has he created a bigger crisis than the Government expected? Or is it all part of a strategy carefully thought out by President Zia to which Mr Junejo may or may not have been privy?

Any assessment is complicated by the fact that President Zia, one of the world's most capable political strategists, is out of the country following the paths of devout Muslims on a Haj pilgrimage to Mecca. He appears to be in no danger of being ousted in a coup and will presumably be able to disclaim responsibility for what has happened when he returns.

President Zia came to power in 1977 when he ousted President Zulfikar Ali Bhutto, Miss Bhutto's father, who was later executed. President Zia ruled as Martial Law Administrator until the beginning of this year when martial law was lifted. By then Prime Minister Junejo had already been installed in a newly elected but non-party national assembly.

Throughout this period President Zia skillfully followed his instincts, tempered by the views of fellow top generals whose personal ambitions he adroitly checked, and influenced by the US, which has seen Pakistan as a front-line buffer state against Communism since the Soviet Union invaded Afghanistan in 1979.

But at the end of last year he was uncharacteristically changed tack on two counts which now take on significance. First, he was persuaded by Mr Junejo to allow political parties to operate, despite his own wish for them to remain in the background until the run-up to the 1980 elections. Mr Junejo argued the assembly could not be controlled without the mechanism of a party, and formed a new Muslim League which is now the governing party.

Miss Bhutto's Pakistan People's Party (PPP) boycotted the elections last year so is not represented in the parliament. She has been demanding early elections and Mr Junejo's Initiative both increased her freedom to operate and lent logic to her argument.

Such elections, however, would probably give the PPP a victory and return Miss Bhutto as Prime Minister, despite splits within her own party.

The second point on which President Zia changed tack was his publicly-declared intention to retire as Chief of Army Staff within a few days of martial law ending. He decided to retain the post, acting as he put it, as a "bridge" between martial law and a democratic regime. His decision may have been based on the realisation that relaxing the ban on political parties could cause problems. It means that this weekend he is in supreme control of the military, even though Miss Bhutto is Minister of Defence as well as Prime Minister.

President Zia's main problem for the future is that he and Miss Bhutto could not co-exist as President and Prime Minister. She would almost certainly have to put him on trial for alleged constitutional and other offences and has indicated she would prefer him to spare her the embarrassment by quietly leaving the country.

Initially President Zia hoped her popular appeal would wane once initial curiosity at her return diminished. That has not happened, so once it became clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

The third would be to re-introduce martial law, first putting her under house arrest again.

The events of the last few days have intentionally or unintentionally started a movement in line with the third option. This has undermined the democratic validity of the Junejo government.

It should soon become clear whether the opposition can use the new situation to build up an effective political campaign—and whether that leads to more repression and a reintroduction of martial law—or whether the ever-powerful army is prepared to permit early elections, perhaps with President Zia returning abroad.

clear her political handwagon would continue to roll, he was faced with three basic interlocking options.

The first would be for Miss Bhutto to come to power by popular demand in 1980 or earlier. In such circumstances, General Zia would choose an opportune moment to retire abroad, presumably looked after by the US. His successors at the top of the army could then decide themselves whether to allow her to stay in power or stage another coup.

The second option would be for the PPP to come to power but without Miss Bhutto as its leader. This would probably mean sending her to the exile from which she returned in April. President Zia might then be able to retire at home.

Irish army chief of staff attacks IRA 'obscenities'

BY HUGH CARRNEY IN DUBLIN

THE CHIEF of Staff of the Irish army, Lieutenant-General Tadgh O'Neill, in an unusual public attack by a figure who by convention eschews political statements, has condemned what he called the "murderous obscenities" carried out by the Irish Republican Army.

"I hate that they call themselves Irishmen. They are a disgrace and their use of the word army sticks in my throat," General O'Neill told a group of part-time soldiers he was inspecting at a summer camp in western Ireland.

He said there was no difference between the IRA and Sinn Fein, its political wing. He criticised in particular the IRA's recent threat to kill any civilian working for the security forces in Northern Ireland. He said a recent IRA murder victim had also done work for the Irish army.

General O'Neill's remarks reflect the Irish establishment view that the IRA poses as much of a threat to political

stability in the Republic as it does in Northern Ireland and Britain, a view that has increasingly been aired since the signing of the Anglo-Irish agreement last November.

Dublin believes an arms consignment for the IRA from Chicago intercepted in parcels at a Dublin post office on Wednesday would have been of special significance to the IRA as it included a powerful Barrett M82 semi-automatic rifle capable of shooting down a helicopter. Having the means to attack British helicopters operating on the Northern Ireland border would be a considerable breakthrough for the IRA.

In Belfast yesterday, the Rev Ian Paisley, leader of the Democratic Unionist Party, and Mr Peter Robinson, his deputy, said they and their supporters would be applying for compensation to the Irish authorities for injuries and damage sustained in clashes with Repub-

licans in the border town of Dundalk on Thursday where Mr Robinson appeared in court. He faces disorder charges arising from his arrest during a Loyalist incursion into the Republic last week.

Mr Paisley said he would lodge an official complaint to Sir Jack Hermon, Chief Constable of the Royal Ulster Constabulary, over the removal last week of police protection for Mr Robinson and his family.

Mr Paisley and Mr Robinson said they were taking legal advice about remarks on television by Mr Michael Noonan, the Republic's acting Justice Minister, that their supporters and supporters of the IRA were allies in waiting to stir up trouble to wreck the Anglo-Irish accord. The DUP leaders believe the comments could prejudice Mr Robinson's trial.

Yesterday, the IRA claimed responsibility for the death of a man in west Belfast. It said he had been an IRA member who became a police informer.

Government rejects accusations over TSB

By Michael Cassell

THE POLITICAL dispute over the TSB Group flotation was yesterday again stepped up when Sir Patrick Mayhew, Solicitor-General, rejected Labour accusations that the Government was giving away £1bn of state assets by allowing the share issue to proceed.

He was responding to a letter from Mr John Morris, Labour legal affairs spokesman, who wrote to Sir Michael Hevies, Attorney-General, asking whether he agreed with the Treasury view that the TSB, due to be floated next month, is not owned by the Government.



Roy Hattersley: parliamentary debate

Labour leaders say the flotation has been undermined by a Law Lords' ruling that TSB assets belong to the Government, and could, therefore, have been taken by the Treasury by way of privatisation.

The Government rejected Labour's interpretation of the Law Lords' decision. It has proceeded with sale plans on the basis that ownership of the four trust savings banks has never been legally defined and that they should be permitted to keep their reserves.

Labour accepts that it will be hard pressed to stop the flotation proceeding but is pushing on with its campaign to secure postponement of the issue until parliament can debate the matter.

Mr Roy Hattersley, shadow Chancellor, said Sir Patrick's letter supporting the Government's view acknowledged that parliament had been free to dispose of TSB assets as it saw fit.

However, Mr Hattersley said MPs had not been made aware of this before the Commons had risen for the summer recess.

Sir Patrick, in his letter to Mr Morris, said that in the Law Lords' judgment Lord Templeman had ruled that TSB assets belonged to the state. It did not follow that they should accrue to the Exchequer.

The taxpayer had never contributed to them and there was a body of depositors who felt so strongly that the surplus assets were their property that they had taken their claim to the House of Lords.

Sir Patrick said that on abolition of the TSBs and their central board "there would be no legal personality entitled to their assets and parliament was entirely free to dispose of them as it thought fit."

Mr Hattersley said Sir Patrick's letter clearly stated that parliament had the right to dispose of TSB assets as it saw fit.

Mr Hattersley said the fact that the TSB sale proceeds could have gone to the Treasury only became clear after the Law Lords' full judgment.

He demanded flotation be delayed until Parliament could debate the issue.

The department yesterday confirmed its view that the regulations, as drafted, fulfilled the Government's intention.

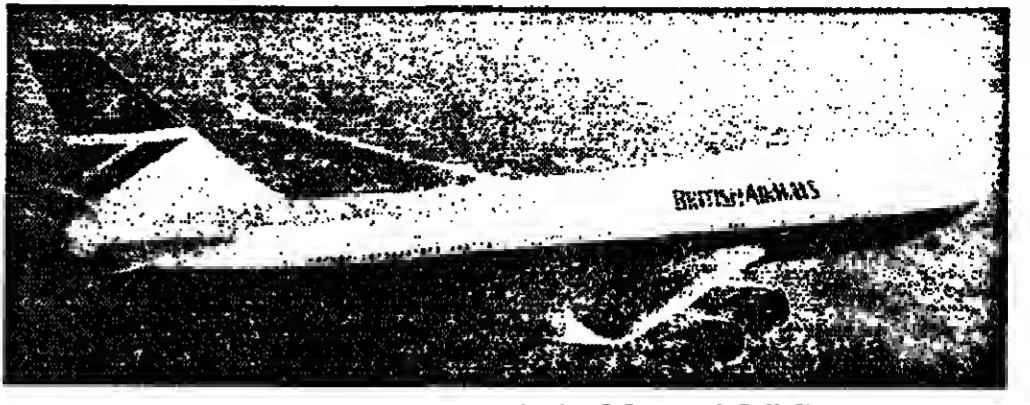
Mr Wild has called upon the Government to amend the regulations so that the position is made clear—a view shared by the accountancy profession and the NAFF.

The department is adamant that no revision is required. Touche Ross has advised its clients that in the event of doubt on the regulations, they should seek legal advice.

There are more than 80,000 company pension schemes in the US and the pensions industry is still in the process of assessing the costs of the disclosure requirements. These could run into millions of pounds, even with the year's grace. If the regulations had to be implemented immediately, costs would be much higher.

Michael Donne examines British Airways' decision to buy the RB-211 Chocks away for R-R jet engine

BRITISH AIRWAYS' decision to buy the Rolls-Royce RB-211-524D4D jet engines for 16 Boeing 747-400 long-range airliners, worth in all \$2.5bn (£1.54bn) was one of the closest contests yet seen in an increasingly competitive market for these expensive "high-thrust" engines.



An impression of the new British Airways Boeing 747-400 with Rolls-Royce engines

BA's choice of aircraft was never in doubt. To replace its existing ageing long-range Jumbo jet fleet, only the latest version of the Boeing 747—the Series 400—was suitable. The question was the number of aircraft involved.

In the event, BA has settled on an initial 16, to be delivered between spring 1989 and the end of 1990, to replace its 16 existing 747-138s, some of which have been in service since the early 1970s. There is also an option on another 12 aircraft.

The engine choice was the principal battlefield, with all of the "big three" manufacturers involved—Rolls-Royce with its RB-211-524D4D, General Electric of the US with its CF6-80C2, and Pratt & Whitney also of the US, with its PW-4000. All engines produce about 58,000 lb thrust.

BA admitted the contest was keenly fought, with the margin between all three engines "down to a hair's breadth."

But most interest centred on the Rolls-Royce and GE engines because of the agreement on engine development between these two companies.

This agreement, signed some time ago, gives Rolls-Royce a 15 per cent stake in the manufacture and sale of the General Electric CF6-80C2 engine, rising to 25 per cent by January 1989.

In return, GE gets a 15 per cent share, rising to 25 per cent, in the manufacture and sale of the smaller Rolls-Royce engine, the RB-211-535E4, used in the Boeing 757 twin-engine short-to-medium range jet airliner—an arena in which GE has nothing of its own to offer.

In recent weeks, the pact has been widely misinterpreted, and it has been suggested that by competing with GE in the bid for the BA engine order, Rolls-Royce was violating its agreement with GE, causing anger and distrust to the US company.

This was not the case. The Rolls-Royce/GE agreement does not prevent Rolls-Royce from developing and marketing its D4D version of the RB-211-524, even in competition with GE, specifically for the Boeing 747 market. GE's benefits from the agreement come solely from the marketing value of the smaller 535-E4 engine.

The fact that, so far, the sales of that engine have been slower than expected is irrelevant. The benefits will emerge as and when the market for the Boeing 757 with the 535-E4 engine starts to expand, as most observers believe it will.

In the meantime, Rolls-Royce is free to develop and market its bigger 524-D4D engine in competition with GE's CF6-80C2 whenever and wherever it can, while also enjoying the benefits of its share of the latter engine's sales.

Recently, Mr Ralph Rohms, managing director of Rolls-Royce, said a successful bid for the BA order would confirm the 524-D4D's status in the world market, and lead to sales of

several hundred engines in the years ahead.

Conversely, although Mr Rohms did not say it, failure to win the BA deal would have virtually killed the 524-D4D in world markets. No airline elsewhere would have bought a British engine that Britain's state airline did not want.

Accordingly, the BA deal was critical to Rolls-Royce, and it had to pull out everything it had to win it. Initially, according to sources inside BA, Rolls-Royce played the contest in a low key. So low, in fact, that one high-level BA spokesman declared that Rolls-Royce initially only helded "a second eleven."

It is claimed that it was not until the consequences of losing were fully spelled out to Rolls-Royce's top management that "all the stops were pulled out."

From then on, the battle was fought on a highly professional basis, and BA openly expressed admiration for the vigour and determination with which both sides presented their cases.

BA's decision was based on a wide range of factors. All finally added up in Rolls-Royce's favour. The basic price of the engine, the marginally better fuel consumption in airline service and the better

long-term savings on in-service maintenance and overhaul costs.

BA Jones the UK Government put political pressure on it to give the order to Rolls-Royce. Nevertheless, the BA board could not fail to be aware of the serious political consequences of awarding the order to GE at a time when both Rolls-Royce and BA are in the run-up to privatisation in the first half of next year.

MPs of all parties would have been incensed had the decision gone overseas and the Government would have been seriously embarrassed.

The deal would have been seen even though Rolls-Royce would still have got 15 per cent, rising to 25 per cent, of the overall value of the deal, through its part with GE.

Now, Rolls-Royce can trade other world markets, with the security of the BA deal behind it. As Mr Rohms has said, it bums and expects that now the BA deal is settled, many other airlines will follow BA's example and sign orders which Rolls-Royce has been negotiating for some time.

The result will be continuing big business for the engine-makers in high-thrust jet engines through to the end of the century and continuity of employment at its Derby factories.

Car output figures point to upturn

By John Griffiths

CAR PRODUCTION in July reflected an underlying improvement evident since the spring, according to the Department of Trade and Industry.

Nevertheless, July's production figure of 84,000, seasonally adjusted, was 1,000 below the figure for July last year, according to the department's provisional estimates.

In the first half of this year, output was down 8 per cent compared with the same half of 1985. Taking the latest six months from February to July, however, it was down 6 per cent.

Commercial vehicle production, at a seasonally-adjusted 19,000 last month, was again down sharply compared with the 22,200 produced a year ago. For the latest six-month period, output was down 8 per cent on the preceding six months.

The department's statistics for commercial vehicles in July further compounded the gloom in the industry. Illustrated by statistics from the Society of Motor Manufacturers and Traders.

The figures, covering the first six months of the year, show that commercial vehicle output (not seasonally adjusted) was down nearly 23 per cent in the first half of last year.

The SMMT's comparison for cars, on a year-on-year basis, showed output down slightly less than 10 per cent in the first six months.

Elida Gibbs to sell distribution centre at Leeds

By Lisa Wood

ELIDA GIBBS, the toiletries subsidiary of Unilever, is to sell its distribution centre near Leeds to Tibbett & Britten, the specialist transport group which came to the Stock Exchange a month ago.

Tibbett & Britten, formed in 1983 in a management buy-out when Unilever decided to dispose of its core businesses, will be contracted to take over distribution of Elida Gibbs' products and to exploit any spare capacity by taking on additional business at the centre.

The contracting out of distribution is a growing trend among retailers and manufacturers. Another Unilever subsidiary, Birds Eye Walls, is talking with distribution companies with the aim of contracting out all its distribution.

Married woman barred from jobless scheme

BY DAVID BRINDLE

THE EQUAL Opportunities Commission has lost an industrial tribunal case which could have made married women eligible for places on the Community Programme scheme for the long-term unemployed.

A Sheffield tribunal has ruled that Mrs Judith Chandler, who was supported by the commission, should be excluded from the programme because her husband's earnings made her ineligible for state benefits.

Under Employment Department regulations introduced in 1984, only people eligible for state benefits are able to join the programme. The commission claims this constitutes indirect sex discrimination against married women.

The commission argued yesterday the tribunal decision meant unemployed married women, particularly those with out-of-work skills, would continue to be unfairly excluded from one of the Government's main employment schemes.

"This obviously has particular relevance to women returning to work after a break for family responsibilities," the commission said. "Indeed, a significant share of places in the first couple of years of the scheme went to women returning to work after a long absence."

The tribunal accepted the Government's argument that, while married women were hit hardest by the change in regulations, this was justifiable because it was the fairest way of helping those most in need.

The decision reverses an earlier tribunal ruling, subsequently annulled, that changed regulations did constitute unlawful discrimination. The commission is considering an appeal.

NFU welcomes scheme to conserve 'sensitive areas'

FINANCIAL TIMES REPORTER

THE Government's move to protect six threatened landscapes by designating them as environmentally sensitive areas met with a cautious welcome yesterday from farming and conservation organisations.

The National Farmers' Union said it hoped the scheme, which will involve paying farmers to adopt practices that do not harm the rural environment, would succeed. But it said it would be necessary to provide adequate money and staff.

Mr Fred Elliott, chairman of the union's parliamentary committee, said: "Farmers who take part will have to comply with defined management practices on their land. If we are to attract them into the scheme, the Minister (of Agriculture) must provide a realistic balance between the practices required and the incentives offered."

Six sites were designated this week as sensitive areas. They are: the Norfolk Broads, the Somerset Levels and Moors, the Pennine Dales, West Penwith, and the eastern half of the South Downs.

Sir Derek Barber, chairman of the Countryside Commission, said: "In these areas, government agricultural policy and environmental interests go hand-in-hand. I very much hope that farmers will join in the management schemes and take up the payments the Government will be offering."

The Government's move, which will involve expenditure of up to £6m a year, follows intense criticism in recent years of intensive farming practices.

Mr Michael Jopling, the Minister of Agriculture, said this week that farmers would be offered money—perhaps £50 a hectare or more—to continue traditional farming practices and thus conserve wildlife and landscape beauty.

However, many farmers are deeply sceptical about the likely benefits of the scheme.

Shareholders bail out wingsail maker

By Tony Jackson

WALKER WINGSAIL, the maker of Britain's first wingsail for merchant ships, is back in business after closing its doors at the end of last month.

Mr John Walker, managing director, said workers had resumed almost immediately, with only six workers instead of the original 15, after an appeal to shareholders realised almost £70,000.

"It was an interim funding—a kind of informal rights issue," Mr Walker said. "We asked each shareholder to contribute as much as they could afford, and they rallied round."

The factory, at Hamble in Hampshire, produced a prototype earlier this year after 20 years of development.

INDIAN CURRY and Chinese vegetables are enjoying surging sales as demand for innovative and convenient food products grows, says a report on last year's food and drinks market.

Frozen specialty dishes are pushing aside traditional favourites such as beef stew and dumplings. Pindus Foods reports growth of 124 per cent for pasta, 54 per cent for curries and 35 per cent for Chinese food.

Chilled meals remain one of the most dynamic growth areas in the whole food industry, says the report. It is estimated that the £92m market will grow 16 per cent annually over the next five years, to £104m in 1990.

Chilled foods, particularly those by Marks and Spencer, appeal to the health-conscious consumer because they are fresh and can be made without preservatives, says the report.

Running against the trend towards low-calorie healthy eating is the growth of luxury items, such as cream and chilled desserts. The indulgence factor has contributed to this changing pattern in eating habits. Fresh double cream accounted for 60 per cent of the total £124m cream market last year.

Predictably, yoghurt continued to show fast growth last year. The low-fat food market grew by 23 per cent.

Indian curry and Chinese vegetable 'sales surging'

BY LAURIE LUDWICK

INDIAN CURRY and Chinese vegetables are enjoying surging sales as demand for innovative and convenient food products grows, says a report on last year's food and drinks market.

Frozen specialty dishes are pushing aside traditional favourites such as beef stew and dumplings. Pindus Foods reports growth of 124 per cent for pasta, 54 per cent for curries and 35 per cent for Chinese food.

Chilled meals remain one of the most dynamic growth areas in the whole food industry, says the report. It is estimated that the £92m market will grow 16 per cent annually over the next five years, to £104m in 1990.

Chilled foods, particularly those by Marks and Spencer, appeal to the health-conscious consumer because they are fresh and can be made without preservatives, says the report.

Running against the trend towards low-calorie healthy eating is the growth of luxury items, such as cream and chilled desserts. The indulgence factor has contributed to this changing pattern in eating habits. Fresh double cream accounted for 60 per cent of the total £124m cream market last year.

Predictably, yoghurt continued to show fast growth last year. The low-fat food market grew by 23 per cent.

Opportunities in the UK Food and Drinks Market: June, 1988. Leatherhead Food Research Association, Randalls Road, Leatherhead, Surrey.

Probe into beer supply set to start

By Our Consumer Affairs Correspondent

THE Monopolies and Mergers Commission is expected next week formally to start work on an investigation into the supply of beer for sale on licensed premises, including Britain's unique system of tied public houses.

The investigation was announced two weeks ago by Sir Gordon Brown, director general of fair trading. There has been speculation that the Government might use its veto to block the probe, but that would be unprecedented.

Mr Paul Channon, Trade and Industry Secretary, would not be involved as he has family interests in the brewing industry.

Row over pension fund draft regulations

BY ERIC SHORT

SLIPSHOD drafting of legislation is again causing problems for the accountancy profession. Accountants, already up in arms over the drafting of the 1986 Finance Act, have discovered what they consider to be a flaw in the recently-issued Disclosure Regulations made under the 1985 Social Security Act.

The regulations are intended to ensure that employees are provided with details of their company pension scheme, including its financial position by way of a full set of reports and accounts produced every year in a similar manner to company accounts.

The regulations come into force on November 1 1988 and the intentions of the Government is that pension schemes will have a year's grace to introduce the necessary systems and administration to produce details on a regular basis.

Pension scheme accounts would be required for the financial year starting on or after November 1 1986. This intention is confirmed by the Department of Health and Social Security.

However, according to Mr Ken Wilde, a partner in the accountancy firm Touche Ross, the wording of the regulation implies that accounts have to be produced for the year ending on or after November 1 1986.

The implications of this interpretation of the regulations are serious enough for those pension schemes which produce annual accounts on their pension scheme since many schemes will have to change the format to conform with the Regulations. For example many schemes show only book value of investments, whereas the regulations require them to show market value.

Many smaller schemes, however, do not even produce audited accounts.

It would throw a tremendous strain on auditors to have to produce accounts for the current year without any warning.

Mr Wild queried this interpretation with the DHSS and was assured that the intention of the regulations was to provide a year's grace and that this was fully reflected in the drafting. The DHSS said that if Touche Ross was in any doubt it should take legal advice.

Touche Ross did so and a leading firm of city lawyers confirmed its interpretation. The accountancy profession is perturbed over the wording and is in consultation with the DHSS.

The National Association of Pension Funds confirmed that it has been in discussions with the department over many aspects, including timing, since the regulations were issued. It has made a similar interpretation to that made by Touche Ross.

Because of the holiday season there have been delays in the discussions.

The department yesterday confirmed its view that the regulations, as drafted, fulfilled the Government's intention.

A high guaranteed monthly income from gilts.

PORTFOLIO 30

HOW? Portfolio 30 is a service for investors which combines the advantages of two recent tax rulings:

- * Since July 2nd, all gains from British Government Securities (known as gilts) are exempt from Capital Gains Tax.
- * Within certain clearly defined limits, a regular return can be taken from gilts by converting the interest that accrues day by day into a capital gain which can be paid without deduction of tax.

Portfolio 30 offers you a convenient and efficient way of investing up to £5,000* directly into gilts. These are held by an independent custodian and you would be the beneficial owner.

You can fix your return for a period up to 10 years.

You can choose to receive regular payments either monthly, quarterly, half-yearly or annually.

Gilts are one of the most secure investments and carry the backing of the British Government. We invite you to send for a personal quotation, which will show the precise return we can guarantee you.

To: Barlow Clowes & Partners Limited
 Watford Court, Throgmorton Street, London EC2N 2AT. Telephone: 01-256 6433

Please send me details of PORTFOLIO 30 together with a personal quotation of the income I can expect to receive.

Income required: Monthly Quarterly Half-yearly Annually

Period of investment years (minimum 5 years/maximum 10 years)

Amount available for investment £ (maximum £5,000)

NAME

ADDRESS

*If you are seeking a high return and have more than £5,000 to invest, please tick the box and we will send details of suitable investments.

Tractor production falls by a fifth

TRACTOR plant output slumped by almost a fifth in the first six months of this year compared with the same period last year. This reflects the continuing worldwide downturn in demand for agricultural equipment.

Art royalties from abroad top £100m

ARTISTS' ROYALTIES from overseas topped £100m for the first time in 1984, according to Trade and Industry Department figures published yesterday.

NUM branches to press for wider overtime ban

PRESSURE is mounting in the National Union of Mineworkers for a widening of the overtime ban begun two weeks ago in South Wales. The ban is in protest at the delay in agreeing a pay rise for 1985.

Watchdog raps 'police attack on miners'

THE INDEPENDENT Police Complaints Authority yesterday expressed concern that it had not been able to bring disciplinary action against police officers who assaulted miners during the 1984 strike.

British companies 'tune in' to American markets

NORTH America is no longer a graveyard for UK retailers, according to a report by Hoare Govett, the London-based stockbroking firm.

Borrie advises caution for time-share buyers

A WARNING to consumers to act carefully when considering buying time-share holiday accommodation was given yesterday by Sir Gordon Borrie, Director General of Fair Trading.

Strathclyde to seek EEC fund

SCOTLAND'S LARGEST employer, Strathclyde regional council, is to apply to the European Social Fund for grants totalling £5.7m to provide 8,000 jobs and training places next year.

Hospital staff vote to accept 6% increase

ABOUT 90,000 hospital ancillary staff members of the Confederation of Health Service Employees have voted by a 9-1 majority to accept a pay deal worth 6 per cent.

Hazel Duffy explains that pressure-related illness is not confined to executives Stress gives all workers something to worry about

BY MID-AUGUST most self-respecting executives should be sunning themselves on Corfu beaches or braving the elements in Scotland with their families.



Stress at work: nurses and driving instructors are as much at risk as executives

has been examining patients, he has not been aware of any marked change in the number of hours worked by executives. He does, however, have people coming to him who work very long hours.

in lower social groups, perhaps giving the lie to the perception that hard-working executives are more prone to this affliction. In spite of the difficulties of defining stress, experts agree that certain aspects of the executive/manager's working life can create pressures on family life and ultimately on the executive or manager.

Shopping by post? Play it safe. Readers who reply to cash with order advertisements in national newspapers or colour supplements are safeguarded by the National Newspapers Mail Order Protection Scheme.

APPOINTMENTS Bain Dawes promotions. BAIN DAWES has made the following appointments: UK division, central region, Birmingham - Mr Eddie Simpkins as a director and Mr Bob Willis, former cricket captain of England and Warwickshire, as a non-executive director.

ECONOMIC DIARY TOMORROW: Department for National Savings issues monthly report (July). Soviet and Israeli diplomats begin talks in Helsinki on resuming consular relations.

Austin Rover shopfloor employees seek £10 rise. TRADE UNION leaders of the Austin Rover 23,000 shopfloor workers yesterday presented the management with a claim for an increase of £10 a week on basic pay - between 6.7 per cent and 8.7 per cent.

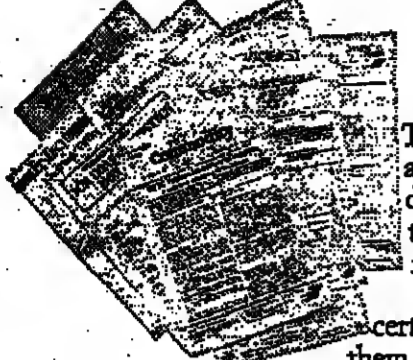
Teaching unions agree to talks on interim package. THE TEACHING unions and education authority employers in England and Wales agreed yesterday to negotiate an interim deal on teachers' responsibility to cover for absent colleagues.

BASE LENDING RATES. A table listing various banks and their respective base lending rates. Includes entries for AIB Bank, Allied Arab Bank Ltd, Allied Irish Bank, American Express Bk, Amro Bank, Bank of Ireland, Bank of Scotland, Bank of Wales, Bank of Cyprus, Bank of India, Bank of London, Bank of Montreal, Bank of New Zealand, Bank of Singapore, Bank of South Africa, Bank of Victoria, Bank of Western Australia, Bank of Western Australia, Bank of Western Australia, Bank of Western Australia.

Littlewoods raises YTS pay. YOUTH Training Scheme workers in their second year at Littlewoods, the mail order company, will have their pay almost doubled under an agreement the company has negotiated with UdaW, the shopworkers' union.

Spill in 110

Financial Times Newsletters - vital news, analysis, predictions and inside information simply unavailable elsewhere



The Financial Times has a separate newsletter division which publishes twenty-six titles covering key business areas. You will almost certainly find at least one of them of direct interest to you. As you'll see from the list below, each of our regular newsletters has been designed to be of practical assistance to senior decision makers within a particular industry or profession.

FAST DELIVERY OF INFORMATION
Within hours of the last copy being written, the newsletter is printed and in the post - first class or airspeeded.

INSIDE INFORMATION AND PROFIT OPPORTUNITIES
Great emphasis is placed on providing you with information that can be acted upon immediately. You get comprehensive updates and news reports plus informed, analytical comment. Our editors are not shy in venturing their opinion and much of their comment contains uncannily accurate prediction.

We often receive inside information from industry

contacts which has not been published elsewhere. Our reporting style is balanced and impartial with a nose for hard fact as opposed to suppliers' hype.

Whenever relevant, our newsletters are indexed for ease of reference, and we are always pleased to supply a back-up research service to our subscribers.

We will also supply you with a binder to store back copies.

FROM £15 A MONTH
FT Newsletters are priced according to their depth of coverage and frequency of publication. A typical monthly - such as Energy Economist - will cost £15 a month.

You are always covered by our Money-Back Guarantee. So you are free to cancel your subscription whenever you choose and receive a refund on all unmailed issues.

FREE TRIAL OFFER - ONE ISSUE OF UP TO FOUR TITLES!
In order to prove how useful FT Newsletters will be to you, we will be pleased to send you any trial issue of up to four different titles. You will bear no cost and be under no obligation.

Why not send for your free trial issues now, while it's fresh in your mind?

<p>BANKING AND INSURANCE</p> <p>International coverage of the latest banking, financial and insurance events</p> <p>INTERNATIONAL BANKING REPORT Every two weeks, IBR carries up-to-date banking news, trends and appointments with penetrating analysis of changes in the regulatory and economic environment of international banking.</p> <p>INTERNATIONAL TRADE FINANCE Every two weeks, ITF covers the very latest trade credit and insurance initiatives as they happen, providing an expert guide in this difficult area of business activity.</p> <p>EUROMARKET REPORT The latest facts and figures on US and international credit markets, medium-term financing, Euro-bonds and domestic markets are now available every week in EMR, together with exclusive information on upcoming deals.</p> <p>WORLD INSURANCE REPORT Organised into key news sections - Non-Marine, Casualty/Liability/Accident, Marine, Aviation and Transport and The Markets - WIR is a truly international source for the industry's decision makers. Mailed every two weeks it regularly reports on investment operations, company mergers, takeovers and those technical developments which affect the insurance market.</p> <p>THE FT LONDON POLICY GUIDE Filling a significant information gap, this monthly FT guide analyses hundreds of direct policies in 24 major classes of insurance.</p>	<p>ENERGY</p> <p>From fossil fuels to new power sources, this group of titles covers key aspects of the industry</p> <p>INTERNATIONAL COAL REPORT ICR provides concise information on finance, markets, prices - including its unique spot steam coal survey. It also covers everything from production to technological developments.</p> <p>WORLD PETROCHEMICALS ANALYSIS Regular features cover markets, government and corporate policies, distribution and the effects of new technology. Published every two weeks, WPA is essential reading for decision makers.</p> <p>NORTH SEA LETTER New established as the most reliable and up-to-date source on North Sea oil and gas, NSL weekly reports include licence awards, farm-ins, financings and development plans, plus news of tenders.</p> <p>THE FT ENERGY ECONOMIST This monthly overview of world energy patterns is designed to help you form your energy strategy. The accent is on analysis, prediction and trend identification.</p> <p>EUROPEAN ENERGY REPORT Concise, comprehensive and analytical energy coverage twice a month gives EER a high profile among those concerned with commercial and technological changes in the world's largest energy market.</p> <p>INTERNATIONAL GAS REPORT IGR is a news and analysis service for the natural gas and gas liquids industry worldwide. With the aid of essential facts and statistics, it provides an insight into what makes the gas industry tick.</p>	<p>INTERNATIONAL TRADE</p> <p>Country-by-country guides featuring economic forecasts and market opportunities in Europe, Latin America and the Middle East</p> <p>All our international trade newsletters are geared to pinpointing business opportunity.</p> <p>In many cases, this means you receive detailed advice of contacts, requirements and tenders. Often, we publish information which is simply unavailable elsewhere.</p> <p>MIDEAST MARKETS Twice monthly, MEM surveys business developments in the Middle East and North Africa with an eye to profits and cost-saving opportunities.</p> <p>EAST EUROPEAN MARKETS Published twice monthly in association with the London Chamber of Commerce and Industry, EEM supplies the international business community with a full and accurate intelligence service for Eastern Europe.</p> <p>LATIN AMERICAN MARKETS As your own twice-monthly newswire to Latin America, LAM identifies business opportunities and warns of danger ahead, giving you a unique perspective on how to operate in the region.</p>	<p>NEW TECHNOLOGY</p> <p>A comprehensive global view of news and trends in every market</p> <p>TELECOM MARKETS Twice a month, TM meets the urgent need for hard news of the latest changes in telecommunications markets around the world.</p> <p>ELECTRONIC OFFICE Designed to serve the users and potential users of automated offices twice a month, EO is a reliable, up-to-date briefing on developments worldwide.</p> <p>PERSONAL COMPUTER MARKETS Providing you with valuable news and data you won't find elsewhere, PCM appears as a twice-monthly overview of the personal computer marketplace.</p> <p>AUTOMATED FACTORY Twice a month, AF will tell you what your competitors are doing and considers the risks and opportunities open to factory management.</p> <p>NEW MEDIA MARKETS NMM ensures that you are kept informed on the crucial news and trends in cable TV, radio, satellite, video, programme, file production and videotex, every two weeks.</p> <p>COMPUTER PRODUCT UPDATE Systems, peripherals, software and services are all brought right up-to-date in this easily comprehensible twice-monthly guide.</p> <p>SOFTWARE MARKETS Every area of software development, marketing, integration and purchasing is covered by this exclusive briefing every two weeks.</p>	<p>FINANCE AND PROFESSIONAL</p> <p>Taxation, accounting, the law - newsletters for businessmen and professionals</p> <p>WORLD ACCOUNTING REPORT As a monthly bulletin for professionals worldwide, WARR analyses every major accounting development thoroughly and lucidly, monitoring in particular the activities of the IASB, IASC, IAPG, EEG and UEC.</p> <p>BUSINESS LAW BRIEF Monthly coverage ranges from public law, through commercial law, to anti-trust and trade regulations. Written in plain language for non-lawyers too it is sharply critical without losing objectivity.</p> <p>WORLD TAX REPORT Written by international experts keeping you briefed accurately and objectively on tax issues affecting business at every level, this monthly newsletter is the leader in its field.</p> <p>FT MERGERS AND ACQUISITIONS Every monthly issue records all mergers, acquisitions and takeovers that have been reported in the Financial Times. Entries are appended by relevant articles from top FT journalists.</p> <p>WORLD COMMODITY REPORT WCR is a weekly review and analysis of trends and developments in the commodities markets worldwide, with special emphasis on trend-spotting and hard news.</p>
---	--	--	--	--

Send now for free trial issues of the newsletters which most interest you...

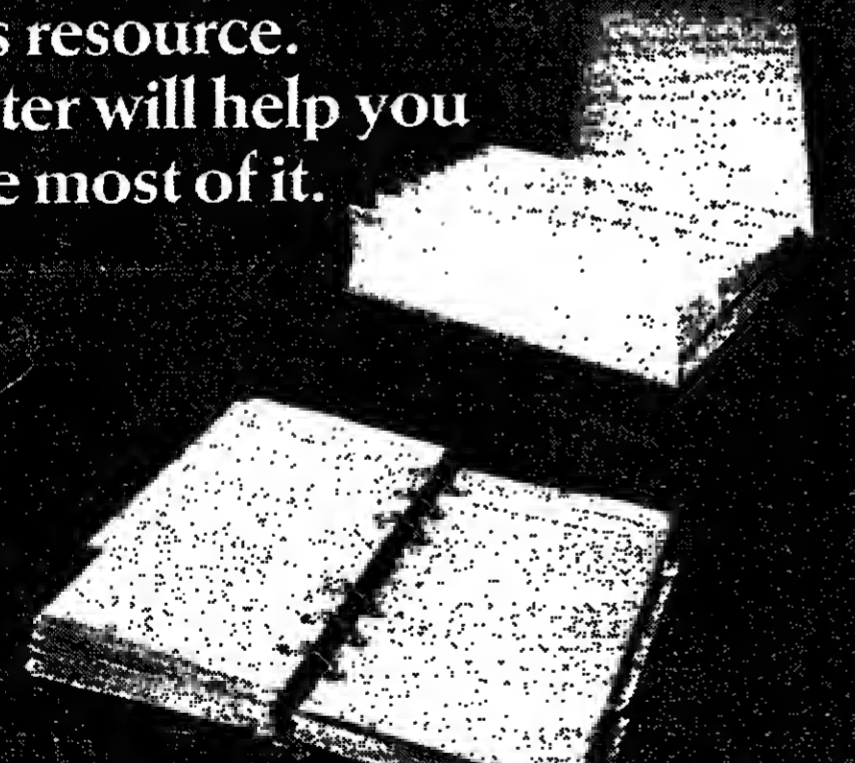
The Financial Times invite you to send for trial issues of any specialist newsletters listed above, at no cost whatsoever. This way you can see for yourself just how vital FT reports can be to the operation of your business. All you have to do is mark the boxes beside each newsletter which interests you.

YES, please send me a FREE sample copy of each of four, along with subscription details. I understand that I am under no obligation to take out a subscription.

NAME: MR/MRS/MS _____
POSITION: _____
ORGANISATION: _____
ADDRESS: _____
POST CODE: _____
COUNTRY: _____

<input type="checkbox"/> International Banking Report	<input type="checkbox"/> Mideast Markets	<input type="checkbox"/> World Accounting Report
<input type="checkbox"/> International Trade Finance	<input type="checkbox"/> East European Markets	<input type="checkbox"/> Business Law Brief
<input type="checkbox"/> Euromarket Report	<input type="checkbox"/> Latin American Markets	<input type="checkbox"/> World Tax Report
<input type="checkbox"/> World Insurance Report		<input type="checkbox"/> FT Mergers and Acquisitions
<input type="checkbox"/> The FT London Policy Guide		<input type="checkbox"/> World Commodity Report
	NEW TECHNOLOGY	
<input type="checkbox"/> International Coal Report	<input type="checkbox"/> Telecom Markets	<input type="checkbox"/> Send to:
<input type="checkbox"/> World Petrochemicals Analysis	<input type="checkbox"/> Electronic Office	<input type="checkbox"/> Marketing Department
<input type="checkbox"/> North Sea Letter	<input type="checkbox"/> Personal Computer Markets	<input type="checkbox"/> Financial Times Business Information
<input type="checkbox"/> The FT Energy Economist	<input type="checkbox"/> Automated Factory	<input type="checkbox"/> Tower House, Southampton Street
<input type="checkbox"/> European Energy Report	<input type="checkbox"/> New Media Markets	<input type="checkbox"/> LONDON WC2E 7HA
<input type="checkbox"/> International Gas Report	<input type="checkbox"/> Computer Product Update	<input type="checkbox"/> ENGLAND
	<input type="checkbox"/> Software Markets	

Time is your most precious resource. Factmaster will help you make the most of it.



Factmaster is the new organisation and planning aid created by the Financial Times to give you more precious time than ever, by helping you to get more done in a day.

In one compact loose-leaf system, Factmaster provides all the components you need for quick information retrieval and efficient planning.

Yet Factmaster is simpler to use than any other system of its kind... as precise, logical and authoritative as the Financial Times itself.

Beautifully bound too, in simulated black leather finish or handcrafted in luxurious calf leather by Andrew Soos of Bond Street.

Get the full facts on Factmaster NOW. Just complete and post the coupon or telephone 01-623 1211.

FINANCIAL TIMES
FACTMASTER
Making the most of your time

To: Louise Alsop, The Financial Times, Minster House, Arthur Street, London EC4R 9AX.

Yes, I want to know more about Factmaster. Please send me your full colour brochure.

Name: _____
Address: _____

FINANCIAL PLANNING FOR THE INDIVIDUAL
by Alan Kelly, Partner, Grant Thornton

With new schemes and new legislation keeping consumers and advisers on their toes, the demand for information on personal financial planning has never been greater.

FINANCIAL PLANNING FOR THE INDIVIDUAL, a new Financial Times handbook written by Alan Kelly, was originally based on the successful course run by The Institute of Chartered Accountants in England and Wales. It now covers additional subjects and new information.

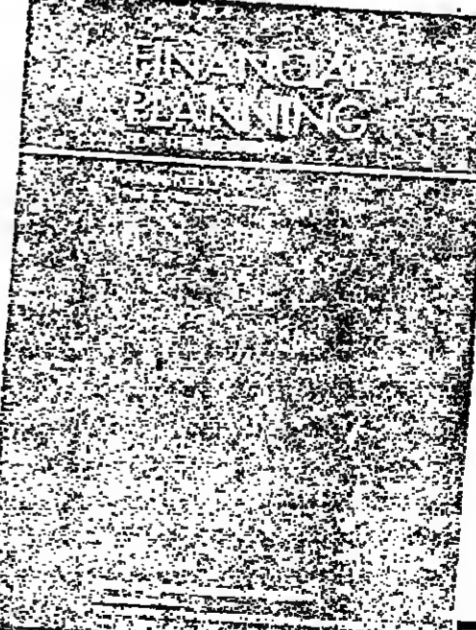
The author's experience is wide and highly regarded. He has designed the book for clarity and ease of reference, with checklists of advantages and disadvantages, detailed examples, and a fully cross-referenced index.

The introduction, which discusses the purpose of planning and the professional adviser's role, precedes a key chapter on Investment Planning outlining the stages in this process, and the various savings and investment media available. The author discusses the merits of each in an overall plan, and gives examples of typical investment portfolios with their financial implications.

Descriptive chapters follow on Unit Trusts and Investment Bonds * the Business Expansion Scheme * Pensions for Directors * Pensions for the Self-Employed * Life Assurance * Tax Planning * Capital Transfer Tax * Mortgages * School Fees * Wills * Appendices giving a specimen planning questionnaire, details of retirement ages, estates under intestacy and further reading.

A page of oddenda will cover the changes brought in by the 1986 Budget.

Published February 1986 by FINANCIALTIMES BUSINESS INFORMATION in association with The Institute of Chartered Accountants in England and Wales.



ORDER FORM Please return to: Pat Winton, Publications Marketing Dept, Financial Times Business Information, 102 Clerkenwell Road, London EC1M 5SA. Tel: 01-251 9321. Telex: 23700.

Please note payment must accompany order. Prices include postage and packing.

Please send me _____ copy/copies of FINANCIAL PLANNING FOR THE INDIVIDUAL (0268) at £9.50 UK or £12.75 US/\$17 overseas per copy.

I enclose my cheque for £/US\$ _____ made payable to FT Business Information.

Please debit my credit card (mark choice):
 Amex Diners Access Visa

Card No. _____
Card Expiry Date _____

I wish to order 5 or more copies. Please send details of bulk order discounts or telephone _____

(BLOCK CAPITALS)
Mr/Mrs/Ms _____
Title _____
Organisation _____
Address _____
Post Code _____ Country _____
Signed _____ Date _____

Please allow 28 days for delivery. Refunds will be given on books returned within 7 days of receipt and in good condition. FT Business Information Ltd, Registered office: Bracklen House, 10 Cannon Street, London EC4A 4BF. Registered in England No. 980896.

FT

Learning to love inflation

NOT SO long ago, in the days when people used to lose sleep about inflation, there was a furious argument between two main schools of thought.

Things seem to be very different now. In the UK wages are rising far faster than prices.

The markets are right to see more danger in falling than in rising prices.

So far as the US is concerned, this lack of worry seems well justified.

FOR a man caught this week between an almost irresistible force and a nearly immovable object, Karl Otto Pöhl looks remarkably buoyant.

Maybe that is just experience. As West German Bundesbank President for the last six years and as holder of top economic and monetary posts for a decade before that, Pöhl has been in many similar squeezes before—and always managed to escape being crushed.

The almost irresistible force arrived last weekend in the person of Paul Volcker, chairman of the US Federal Reserve Board, trailing his habitual cloud of cigar smoke and chanting a by-now familiar theme.

A year later, none the less, the Germans did try to act as a modest economic locomotive.

The Democratic Party is in its worst shape since the immediate aftermath of the Civil War.

MORE THAN five-and-a-half years since President Ronald Reagan swept into the White House, many US Democrats have still not quite recovered from the shock.

The Senate races, however, are more likely to be decided by local issues and personalities than the sort of national and international policies that the Democrats are now wrestling with.

The older generation of leaders is on the way out, Mr Tip O'Neill, the elderly Speaker of the House of Representatives, is retiring as unofficial leader of the Opposition.

This leaves a vacuum which is exerting a strong pull on a wide range of candidates for the succession, many of whom are in their 40s, but none of whom as yet display ideal leadership qualities.

Now the debate is over how to reach out beyond that coalition while still retaining its support.

Chancellors Brandt, Schmidt and Kohl. The two are brothers in adversity.

Pöhl is disposed to help Volcker if he can. He certainly sees the danger of a further sharp fall in the dollar (squeezing German exports) and of growing protectionist pressure in the Congress if the Germans—and their partners—do nothing.

From the outside it is easy to ask impatiently why doesn't the Bundesbank...

US DEMOCRATIC PARTY

The starters for '88



● GARY HART ● MARIO CUOMO ● REV. JESSE JACKSON ● JOSEPH BIDEN ● BILL BRADLEY ● RICHARD GEPHARDT ● CHUCK ROBB ● SAM NUNN ● BRUCE BABBITT ● LEE IACocca

The missing leader

By Reginald Dale, US Editor, in Washington

Wounded by Mr Mondale's "Where's the beef?" crack in 1984, he is hard at work developing his so-called "new ideas" into an issue-oriented campaign.

The Rev. Jesse Jackson (44). The only other losing candidate in 1984 who is expected to run again in 1988—possibly as an independent if his "rainbow coalition" of blacks, Hispanics, poor farmers, trade unionists, anti-nuclear activists, environmentalists and assorted left-wingers splits from a party that is moving rightwards.

Representative Richard Gephardt of Missouri (45). A St Louis lawyer in his tenth year in the House, he is already running hard for 1988, particularly in Iowa, home of the first party caucuses.

Senator Joseph Biden of Delaware (43). Tipped as a "dark horse", he can light up a room with his charm, wit and oratorical flourishes, but does not know when to stop and cao be tactless.

Senator Bill Bradley of New Jersey (43). A Hall of Fame basketball player, best known in the Senate as the driving force behind tax reform over the past five years.

Lee Iacocca (61), chairman of Chrysler. The wild card in the Democratic pack, he insists that he does not want to be considered a candidate—though not strongly enough to put off his supporters, who want to "draft" him whether he likes it or not.

As Senator Gary Hart of Colorado correctly pointed out in his most successful challenge to Mr Mondale for the 1984 nomination, the party is ripe for "generational change".

As Governor Mario Cuomo of New York (54). A rising party "star" since his much-praised keynote speech at the 1984 Democratic convention in San Francisco, and a highly popular Governor of New York, he is likely to be easily re-elected Governor later this year.

Senator Charles Robb (47). Once best known as the Marine captain who married Lynda Bird Johnson, LBJ's daughter, he has just concluded a highly successful four-year term as Governor of Virginia, where he is widely credited with reversing the Democrats' declining political fortunes.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Polished and popular in Virginia, he is one of the leading lights of the new Democratic Leadership Council, formed to lead the party in a new centrist direction that will appeal to the South and West.

Man in the News

Karl Otto Pöhl



Lightness of touch deceives the eye

By Jonathan Carr

realising that a decision has to be priced out of a highly diverse group, most of whose members have little international experience and many of whom at present have strong domestic arguments for resisting US demands.

question of Bundesbank consensus already mentioned. Pöhl can go out on a limb now and again—but not far.

He admits the European Monetary System (EMS) works better than he initially expected, but still feels too much is said about monetary integration and too little about economic integration.

The other criticism of Pöhl, still to be heard from some German banking circles, is that he tends to be too light—even flippant.

There are occasional rumours in Bonn of plots to replace him—but any rivals must know they are dealing with a highly accomplished professional, both as political operator and central

FINANCIAL EXPERTS IN JAPAN AND THE OTHER COUNTRIES OF ASIA. Nomura (Switzerland) Ltd., a member of the Nomura Group—specialists in key financial services. Our long experience and outstanding research capabilities help you in decision making in today's complex financial environment. NOMURA (SWITZERLAND) LTD. Nomura (Switzerland) Ltd. 10, quai du Seujet 1211 Genève 11 Tel. 022/32 46 46 Téléfax 022/32 8314

Selfies 110

UK STOCK MARKET

The secrets of a stag

By Barry Riley

"YOU HAVE to sell within the first half-hour. The golden rule is that if you are a stag you should stick to staggings. Wait any longer and you risk becoming an investor."

So says a practised new issue stag, or speculator, whom we shall call Jeremy. It is not his real name, although he is a real person. A barrister by profession, he has just hung up his antlers with the end of the new issue season. Despite considerable success, he intends to retire from the new issue scene to devote his attention and financial resources to the housing market.

The new issue season that petered out last month was a bumper one. There have been dozens of sizeable issues in the past year or so, and spectacularly tagged issues ranged from the famous names such as Laura Ashley and Thames Television to the little known but strongly backed newcomers like Tip Top Drugs, which was subscribed 66 times.

Having made his own exit, Jeremy is prepared to spill the beans on the technicalities of the business of profitable punting on new issues. In two years as a regular punter he says that he lost money only once, perhaps twice. But it is not a simple matter of gambling. As he explains, it requires considerable organisation, strong self-discipline and an element of tactical nous.

And budding stags need to be thickskinned enough to withstand the jeers of newspapers and City dignitaries who snipe at their activities. In practice, they are welcomed by the financial institutions.

As Jeremy says: "The banks could very simply stop staggings if they wanted to, by insisting that multiple applications would be treated as criminal offences. The reason that they don't do that is that they need the stags in order to get the issues away."

when in-house staggings was exposed in the flotation of Windmoor. But there is nothing to stop merchant bankers from staggings each other's issues.

"There are always rumours with every issue of big blocks of shares being allocated to 'interested parties,'" says Jeremy. "The merchant banks have a tremendous amount of discretion because only they can decide on the method of allocation. The system is very simple, and open to all sorts of fiddling, whether corrupt or otherwise. And who knows any more what is corruption in the City?"

So how should the newly born stag attempt to pick his unsteady way through the hostile new issue jungle? Jeremy suggests a few ground rules.

First, he says, you should attempt to find a mentor, an experienced stag who knows his way round and is prepared to offer guidance, at least to start with.

"Generally you have got to know somebody who is in the game — not a broker, because I will never trust my broker, nice man though he is, to give me any information at all that was worthwhile."

Second, arrange a line of bank credit. Jeremy had no trouble arranging a facility from his local clearing bank manager. "I said: 'I want to stag. I'll give you a second mortgage on my house. You know what my income is. Lend me £50,000 to start with.' Later, after a number of successful staggings operations, I said: 'How about doubling it?'"



Apart from the basic rules, the successful stag needs to have a working knowledge of the technicalities of the banking system. By and large, stags do not operate on the basis of large margins, and they need to keep their costs down, especially interest payments, if they are to make profits out of the relatively small premiums that are typical. British Telecom may have gone to an immediate 80 per cent premium, but 10 or 15 per cent would be more normal.

"The simplest way of saving interest," says Jeremy, "is to have two bank accounts. You have a town account, a 'T City' account, which you keep open for the return cheques. You use an out-of-town account, with a perfectly ordinary clearing bank, for the cheques which accompany the application forms."

"You don't need to go to extremes and open an account somewhere like Ulster or Shetland, it can be in Cambridge or Luton, or anywhere out of town. The crucial point is that the cheques will take three days to clear."

The reason that this is important is that when applications are sealed down — as they usually are in successful, oversubscribed issues — the surplus money is returned in the form of a cheque. Some applications may be completely rejected, but normally those cheques will be returned uncashed, so they will not lead to financing costs.

"Suppose that your cheques go in on Thursday," says Jeremy. "They will be sorted on Friday, and will clear on Tuesday. So you save yourself four days of interest. Now sup-

pose also that you have applied for 1,500 shares at £1 but have only received, say, 200. There will be a balance of £1,300 to be returned.

"Ninety-nine times out of a hundred the cheque from the merchant bank will be a T cheque. You can take it along on the morning to your town branch and have it telegraphically transferred to your account that day."

"So although you will not have got your return cheque back until the next Thursday you will only have been out of the money for 48 hours. If you are borrowing £5m (though this never applied to me) it is tremendously important."

On British Telecom, he remembers, the banks stole a march on the stags by using out-of-town return cheques. "All the stage who expected to be able to TT the money back into their accounts couldn't do so, because their return cheques were coming in from places like Grimsby. It was a dirty trick."

Another trick of the stag's trade is to know exactly how much stock he has been allocated so that he can sell at the opening of the first day of dealings even though the allotment letter will probably not have been delivered until after he left home in the morning.

"The way you do that is as follows," Jeremy explains, "you know that if the issue is on Thursday, and trading is going to open on the next Wednesday, then by Tuesday lunchtime the applications that have succeeded will have been cleared. So all you do is ring your bank to find out how much has cleared. And because you will have learned the basis of alloca-

tion on the previous Friday you will be able to work out precisely how many shares you have been allotted without ever having received the forms back."

The stag's life has its share of excitement, but there is also a lot of tedious paper work involving prospectuses. Getting hold of application forms is the first hurdle, because the banks, understandably, are reluctant to hand them out in bundles.

"They won't accept photocopies," Jeremy complains, "so you have to buy lots of newspapers. If at all possible you buy the Telegraph, because it's cheaper. If absolutely all else fails you buy lots of copies of the Financial Times. But that is very much the last resort, it's so bloody expensive." Filling in 200 forms takes two evenings, he reckons.

Then there is the question of how many shares to apply for on each form. The basis of allocation will depend not only on the degree of oversubscription but also on the extent to which an issuing bank favours small applications rather than large ones, or vice versa. This is a matter of a matter of wits between stags and issuers.

"You have to rely on your own experience. But the likelihood is that if applications are in multiples of 200 shares up to 1,000 and 500 up to 5,000 the cut-off point will be 1,000. So if you can go for 1,500s you will get a better weighting than if you go for 800s."

At the receiving bank on the morning of the issue there may well be a large crowd of people. For last year's Laura Ashley offer, which attracted applications of over £2bn, queues

stretched down the street. In such circumstances, attempts are often made to refuse multiple applications.

"It's a game, you filter them in bit by bit. The most I ever put in was 100 or 200. People who are doing it in a very big way use lots of different bank accounts, different names, different nominees and so on."

Is it all worth it? "If there's a 10 per cent premium you can make a reasonable profit. As a return on capital it's excellent, particularly if you are using other people's money."

Iceland Frozen Foods, subscribed 113 times in October 1984, was the best offer for sale that Jeremy remembers being involved in. The shares went to a 60 per cent premium. "You may only get a tiny allocation, but on the other hand your costs are minute because only a small number of your cheques get cleared. And your outlay being small, your profit margin is high."

Whether Jeremy will be tempted back into action by next month's juicy-looking TSB flotation remains to be seen. As a barrister he is scrupulous about not breaking the law when multiple applications are barred, as with British Telecom and now TSB, but there is still plenty of scope for wives, children and more distant relatives to be brought into action.

But he seems to have no regrets about retiring from the scene. "It's a very medieval system. For the Jaguar issue the scene at the receiving bank was just like a rugby scrum. It's just an insane way of getting an issue for a respectable public company off the ground."

Guinness board Huffing, puffing and bluffing

By Richard Lambert

NO ISSUE in recent times has caused more of a stir in the Square Mile than the recent boardroom shenanigans at Guinness. Many senior City figures have felt outraged by the behaviour of the Guinness management, and have not been shy about expressing their views to the authorities. Are there broad issues of public interest involved, or is it just a storm in a teacup?

A brief recap: during its bid for Distillers this spring, Guinness cobbled together plans for a new holding company structure. This was to be chaired by Sir Thomas Risk, Governor of the Bank of Scotland, and would include senior figures from the Scottish establishment and the old Distillers board. These plans were spelt out in the formal offer and in the Stock Exchange listing details — documents which do not have legal force, but which are very important planks in the system of self-regulation.

Last month, Guinness unceremoniously dumped this scheme, and announced that its forthright chief executive, Mr Ernest Saunders, was to be chairman of the enlarged group.

You can see why the City was upset. If commitments made in such documents are not to be upheld, the argument goes, then the whole structure of self-regulation begins to look shaky, for it suggests that what is not legally binding is not binding at all. At a time when everyone is distinctly uneasy about October's "Big Bang" and the Financial Services Bill, the affair hit a painfully raw nerve.

Ramshackle

But although the issue is serious, it is going too far to argue, as some do, that it has put self-regulation in jeopardy. Guinness has been guilty of large errors of judgment, one of the worst of which was its support for the original ramshackle proposals. But although it has been ham-fisted and naive, there is no suggestion that it has acted in bad faith. Once it became clear that the planned boardroom structure had broken

down irretrievably, the outcome was bound to be messy what ever the system of regulation. An attempt to force through the original proposals would have been countered by Guinness with the argument that the new board was not compatible with management's duties to shareholders under the Companies Act. Moreover, even Mr Saunders' critics agree that he — if anyone — has what it takes to get Distillers back on the road. So there has been marked reluctance to push him too far.

Compromise

Instead, this week has brought a compromise — the result of pressure from the Bank of England, the Stock Exchange, the Department of Trade, the Scottish Office and no doubt, the Danemh Gir Pipers. Mr Saunders remains as chairman, and no one from Distillers is to join the board. But his victory is on point rather than a knock-out: the board will also have a strong non-executive element, with Scottish flavour, and the change of tack will have to be explained to and approved by shareholders.

Provided the company come out with a sensible document for its shareholders in the next few days, it will very probably win the necessary support. Bidders in future will be more careful about dreaming up artificial dodges to support their cause, and the likelihood is that these events will soon be little more than an uncomfortable memory. Mr Saunders and his team will be getting to grip with Distillers, and the City will have other things to worry about.

A final point. Guinness has deserved most of the flak which it received in this affair, but there is also a touch of hubbub about the attitude of the investment institutions. For years, they sat on their hands while Distillers visibly declined. Rather than exercising their rights to change the director of the company, they waited in a tough outsider to come along and do the job for them. As soon as he was installed, they expected him to play by the gentlemanly rules. Who is bluffing whom?

Accountants and reform

From Mr H. Aidous

Sir,—The instant protestations (August 14) of the leaders of the largest firms of chartered accountants at the DTI consultative paper proposals that audits should be rotated and management consultancy work should not be done by the same firm as the accounts for the shareholders are, I think, a bit too much.

The accountancy profession is a fine and ethical profession. It still comprises professionals who put the conduct of their work first, not the profitability of their businesses.

The first sign that business is put before professionalism would be the start of a decline from which we would not recover.

I don't for a moment suggest that I see that sign yet. But a lack of generosity of intellect to admit that in principle the DTI has it absolutely right and it is only a matter of time before professionalism that so far there is little evidence of abuse, is sad.

Huch Aidous, Ingham Rhodes, 186, City Road, ECL.

Taking a long view

From Mr T. Shucksmith

Sir,—Anthony Harris (The Long View, August 9) ended his article on stock market psychology and investment professionals by recommending small investors to sit tight since the current gross yield on the FT-All Share Index is now slightly above 4 per cent. This would be sound advice if 4 per cent was indeed the norm in the long term. Can one, however, be as sure as Anthony Harris appeared to be that it is? I would consider 4 per cent low and would be thinking more in terms of 25 per cent in a normal 60 years period. The growth in excess of normal growth over the next two years followed thereafter by normal dividend growth would increase the present yield to 5 per cent in two years' time. Is this all still likely?

What is the long term evidence for the existence of super-performance investment professionals? On a high proportion of Mr Harris's stock market professionals keep making fortunes from small beginnings by personal trading? My guess is that there are investors, gamblers and speculators. Surely what a professional realises from experience is that it is very difficult to know what is going to happen in the future. Therefore, the investment professional is concerned to have an adequate spread of risk and changes his

Letters to the Editor

From Mr A. Batchelor

Sir,—Mr Miller (August 12) is more than a little naive, ignoring relief for mortgage interest, the 60 per cent maximum rate of tax applies to the income of a married man earning over £44,855 and I think few of the investment personnel he is referring to were previously earning less than that. Their astronomical pay rises are unlikely to affect their tax brackets. In addition, one of the employee benefits offered by most financial concerns is cheap mortgage loans at from 10 to 5 per cent. The present limit for tax relief is interest on £30,000, which at 5 per cent represents £1,500. The maximum tax saving on that is at 60 per cent, which is £900, an amount hardly noticeable in the rarefied atmosphere of six figure salaries.

Whatever the rights or wrongs of tax relief for mortgage interest payments, beneficiaries of Big Bang do not advance their arguments one way or another.

Tony Batchelor, 4 Fir Tree Road, Bantscad, Surrey.

Taxation and the well paid

From Mr A. Batchelor

Sir,—Mr Miller (August 12) is more than a little naive, ignoring relief for mortgage interest, the 60 per cent maximum rate of tax applies to the income of a married man earning over £44,855 and I think few of the investment personnel he is referring to were previously earning less than that. Their astronomical pay rises are unlikely to affect their tax brackets. In addition, one of the employee benefits offered by most financial concerns is cheap mortgage loans at from 10 to 5 per cent. The present limit for tax relief is interest on £30,000, which at 5 per cent represents £1,500. The maximum tax saving on that is at 60 per cent, which is £900, an amount hardly noticeable in the rarefied atmosphere of six figure salaries.

Whatever the rights or wrongs of tax relief for mortgage interest payments, beneficiaries of Big Bang do not advance their arguments one way or another.

Tony Batchelor, 4 Fir Tree Road, Bantscad, Surrey.

Price and choice

From the Deputy Director, Design Council

Sir,—Nick Garnett's review, "The risks of cost cutting" (August 8), of a study indicating that cost cutting in American companies often made them less rather than more competitive, deserved attention from British manufacturers. For too long too many managers have assumed that price was the main concern of their customers. And yet as far back as 1965 NEDO found that 30 per cent of British machine tool users chose foreign goods on preference to British ones because of "product superiority." Only five per cent bought primarily on price. The recent recovery of Britain's manufacturers in this industry owes much to improved products through improved design. Of course the initial price of

Letters to the Editor

From Mr G. Atkinson

Sir,—There is an alternative to Sir Peter Masefield's environmentally and financially costly proposals (August 12) for even further expansion of London's four airports.

Lufthansa and the Federal German Railways show how. The special LH Airport Express makes the 145 km run between Dusseldorf and Frankfurt airport, stopping at Cologne on the way, four times a day in club class comfort. An airport express from Euston could make Birmingham International in equal comfort at little or no longer time than getting from central London to Heathrow.

George Atkinson, 3, Romeland, St Albans, Herts.

Carrying the can

From Mr G. Cole

Sir,—In your article on the civil service (July 26) you quote the general secretary of the First Division Association as saying that civil servants are in an "impossible position," named and blamed by select committees when MPs cannot get at Ministers.

A civil servant is supposed to "know the Minister's mind" and to act accordingly. It is not, therefore, contrary to the current conventional wisdom, unreasonable to expect the Minister to carry the can. Reciprocally, civil servants should preserve their anonymity.

This may not please MPs but it is in love with the select committee system in their power game against the executive; but it is quite unreasonable to object to the power of civil servants and at the same time hold them liable. Have we forgotten that power and responsibility should not be separated?

Reforming the rates

From Mr H. Lane

Sir,—Cynthia Brown (August 5) has performed a valuable service in drawing attention to one of the numerous objections to the Government's proposed poll tax.

Unfortunately, there are equally serious drawbacks to her proposal, to pay for local services by assigning to local authorities a fixed proportion of income tax.

The measure of autonomy enjoyed by local authorities is a precious safeguard in this country. It provides a balance to central government. On the principle of "he who pays the piper calls the tune," assigned revenues would reduce local authorities to the status of government agencies. In the not impossible situation of there being a Labour government dominated by militant supporters, many of those who are now crying for more control over local authorities would be grateful for this autonomy.

The freedom of local authorities is founded on their independent source of finance, and because, as Ms Brown correctly points out, many sections of the population lead nomadic existences, the only reliable local tax is one based on property values.

Henry Lane, 19, Queen's Gardens, Brighton, Sussex.

Designer pension schemes

From the Managing Director, Richards, Longstaff

Sir,—That there are so many points of view on pension schemes perhaps emphasises the fact that no one design is suitable for all companies. Surely, therefore, this is not a time to rehearse old arguments about final salary schemes versus money purchase, whatever the latter is meant to describe. It must be a time when every company considers whether the design of its pension scheme or

High level of prices

From Mr J. Walters

Sir,—Last week my company bought a copy of the Office of Fair Trading's Price Review relating to the referral of the brewers to the Monopolies and Mergers Commission. As readers will know, this document referred to the Director-General's concern about the high level of prices, margins and profits in the brewing industry.

The Press release consisted of four typed pages stapled together and cost £9.

J. R. Walters, 87 Alton Park, SE21.

Change the VAT system

From Mr J. Cooke

Sir,—Mr Apson (August 9) highlights some of the problems in a system of exempting invoices between registered traders from VAT. In order to operate such a system, each registered customer would have to provide the supplier with a note of his VAT number which would then have to be shown on every invoice. No doubt Customs and Excise would make the supplier responsible for output tax should the VAT number be wrong in any way or should the customer have de-registered before the tax point.

The effort required to verify customer status and the responsibility to be assumed by the supplier would far outweigh any benefits.

J. A. Cooke, 26 Nettle Road, Framholt, Stockport, Cheshire.

ADVERTISEMENT BUILDING SOCIETY RATES

Table with columns: Share %, Sub/m % Other %, and various building society names and their rates.

Ian Hamilton Fazey on the latest moves in the world paint market ICI paints the globe

IN BUYING the US paint company Glidden from Hanson Industries for \$580m (£390m), Imperial Chemical Industries has not only become the largest paint company in the world but has rectified a serious weakness in its worldwide geographical spread.

The paint market is becoming increasingly global, dominated by 12 multinational companies, now there are only ten. Owning the leading technology for a particular market segment can lead to massive profits if the company concerned has global outlets.

The world is split into three basic geographical segments: Europe, which accounts for 37 per cent of total sales volumes, North America (35 per cent) and the rest of the world (28 per cent).

ICI has always been strong in Europe, where it had 45 per cent of its paint sales in 1985, and in what used to be the British Empire. Only 12 per cent of its sales were in North America, mainly through its Canadian operation, CIL Paints Inc.

The paint industry has been undergoing a massive shake-up throughout the 1980s. Marketing of products throughout the world was one reason but recession was another.

Raw material price increases, coupled with fewer orders as industrial output slumped, resulted in margins cut to 2 per cent on sales or lower in many market segments. Many companies made losses and became ripe for takeover.

The situation favoured the giants, particularly those with petrochemical group resources behind them, and a series of strategic acquisitions followed.

In this realignment, ICI's main efforts have so far been in Europe.

Until yesterday's deal, ICI was a close third in the world paint league behind PPG and BASF, the latter's standing being German. The latter's group, previously one of the top 12 paintmakers, these three each making 430-450m litres of paint per year, were, however, more than 100m litres ahead of their nearest competitors, Hoechst, the German chemical group, and the Sherwin Williams, another US giant operating mainly in its home market.

ICI will now be millions of litres in the lead. Its volume will rise from 438m litres to 721m litres and its paint sales revenue from \$330m a year to \$1.3bn. Even in today's tight paint markets, heavy capital investment and good management will probably mean that it will make at least 6 or 7 per cent profit on these figures.

Glidden can be added to ICI's operations without integration problems. This is in contrast to BASF's experience with Inmont's operations in Europe, where merger of different organisational cultures appears to be causing corporate indigestion.

Glidden's product profile fits exactly with ICI's principal core business of decorative paint. Glidden, the third largest paint company in the US, is the market leader in the do-it-yourself sector.

ICI is Britain's leader with 34 per cent of decorative markets, twice as much as its nearest rival, Crown Paints. Moreover, ICI has achieved that leadership not merely through aggressive promotion of its Dulux brands—\$9m a year is spent on advertising in Britain alone—but through superior technology that even foreign rivals admit has given Britain the best decorative paints in the world.

In a major reorganisation of a major division management about 18 months ago, promoting several younger, well-trained managers to head key market segments and support a restructured, well-qualified divisional board. The Glidden acquisition must be seen as the most important result so far of that major reorganisation.

Europe, where merger of different organisational cultures appears to be causing corporate indigestion.

Glidden's product profile fits exactly with ICI's principal core business of decorative paint. Glidden, the third largest paint company in the US, is the market leader in the do-it-yourself sector.

ICI is Britain's leader with 34 per cent of decorative markets, twice as much as its nearest rival, Crown Paints. Moreover, ICI has achieved that leadership not merely through aggressive promotion of its Dulux brands—\$9m a year is spent on advertising in Britain alone—but through superior technology that even foreign rivals admit has given Britain the best decorative paints in the world.

In a major reorganisation of a major division management about 18 months ago, promoting several younger, well-trained managers to head key market segments and support a restructured, well-qualified divisional board. The Glidden acquisition must be seen as the most important result so far of that major reorganisation.



Sir John Harvey-Jones, Chairman of ICI

ICI will now be millions of litres in the lead. Its volume will rise from 438m litres to 721m litres and its paint sales revenue from \$330m a year to \$1.3bn.

Even in today's tight paint markets, heavy capital investment and good management will probably mean that it will make at least 6 or 7 per cent profit on these figures.

Glidden can be added to ICI's operations without integration problems. This is in contrast to BASF's experience with Inmont's operations in Europe, where merger of different organisational cultures appears to be causing corporate indigestion.

Hawley buys stake in HAT

By Lionel Barber

Hawley Group is understood to have bought an 8.6 per cent stake in HAT Group, the paint and cleaning group consisting of a 52m share from BEI, the diversified industrial services group.

Hawley, a cleaning and industrial services group run by Mr Michael Ashcroft, has also increased in BEI's other current bid, the agreed £31m offer for Brengreen, the contract cleaning and waste disposal group. After steady buying this week, Hawley's stake in Brengreen has risen to about 25 per cent.

Mr Ashcroft could not be contacted for comment last night. But the HAT camp confirmed that it had been told that Hawley held an 8.6 per cent stake.

One HAT adviser said that there had been no contact between Mr Ashcroft and Mr David Telling, chairman of HAT group. "We have no idea about Mr Ashcroft's motives," he said.

Tricentrol omits dividend after second quarter loss

By Lucy Kellaway

Tricentrol, the highly leveraged oil independent, yesterday announced a second quarter loss of \$4m after tax, compared to a profit of \$8.2m in the same period last year, and said that it would not be paying an interim dividend.

Although the market was well prepared for such an outcome, and the shares drifted down 3p to 55p, well above the year's low of 45p, Tricentrol's figures follow similarly disappointing announcements and dividend cuts from Ultramar earlier this week and from Britoil last month.

The poor results occurred as a consequence of the steep fall in oil prices. During the second quarter, Tricentrol's turnover fell from \$23.9m to \$10.5m, as the average sterling crude price plunged to \$8.10 a barrel, compared to \$20.76 last year, and \$14.45 in the first quarter. The company said yesterday that third quarter prices were

higher, and that a cargo from the Thistle field was recently sold at \$9.13 a barrel.

Despite sharply lower capital expenditure in the second quarter of \$3.4m, long term borrowings increased by \$8.8m bringing the total to \$146.1m. For the first half as a whole, capital investment was first half nearly half since the first half of 1985.

Tricentrol said yesterday that the sale of its US and Canadian interests, announced last month, was proceeding satisfactorily. "When the deal is completed, Tricentrol will receive about \$5m in cash, which will be used to reduce its mountain of debt."

Following the reorganisation, Tricentrol said it will be able to "achieve material cost reduction while maintaining operator capability."

Second quarter figures were further undermined by a loss from oil trading of \$1.4m, al-

most reversing a profit of \$1.8m made in the first quarter. As a part of its financial reshaping, Tricentrol has said it is withdrawing from all trading, although it will keep a large enough trading arm in the UK to support its own oil needs.

For the first half, as a whole, Tricentrol made a net loss of \$104,000 against a profit of \$14.1m in the first half last year. This year's figure contains no charge for PRT—a saving of \$1.2m against last year—and a corporation tax credit of \$1.4m (charge £200,000). Turnover for the six months was \$28.8m compared to \$39.5m.

Most of the latest deterioration in profits has come from the US, which before tax made a loss of \$4.1m (profit \$4.7m) in the second quarter. US and Canada together made a profit of \$500,000, compared to \$1.1m in the second quarter last year.

See Lex

AGB falls by 15% to £7.9m

AGB Research, the market research company, yesterday confirmed last month's warning of a downturn with an announcement of a near 15 per cent fall in full-year profits.

The result, down from \$9.2m to \$7.85m pre-tax, reflected a deterioration in profits from market research operations in Australia and a sharp swing into the red by the information systems division. Group turnover was just over 6 per cent higher at \$110.5m for the year to end-April 1986.

AGB's problems were not confined to last year but the line: profit rose \$4.2m to \$4.2m due to a greater proportion of profits from overseas and the need this time to provide ACT for the dividend; and there was an extraordinary debit of \$2.7m, stemming from the disposal of the businesses in information systems and in administration support services

which made significant losses during the year.

AGB said that the combined profits from market research operations in the UK, US, Europe, and Asia rose from \$5.35m to \$6.46m, but the contribution from Australia fell from \$2.6m to \$1.76m. Information systems saw profits of \$607,000 turn into losses of \$1.19m.

Elsewhere, marketing services contributed a higher \$10.8m, against \$825,000, while publishing increased its profits from \$25,000 to \$676,000. Earnings per 10p share, pre-tax, rose 4.2p to 4.2p (11.43p). The final dividend is 4p (same), making a total of 6.75p (6.3p).

It seems the ultimate sin for a market research team to misjudge its market but that's what AGB did in Australia last year.

While bullish statements were coming from the chairman, the company was gearing up for growth that never happened. Nor was the company successful in its diversification into information systems. AGB had telegraphed the bad news three weeks ago and the shares closed 5p up at 160p. This year, there is unlikely to be a great improvement in Australia but the core market research companies should show 10 per cent underlying growth and there should be less elimination in the information systems division.

The long-term hope is the merged TV rating system being developed in the US with Schroder Ventures but it is not due to come into operation until October 1987. An operating profit back to 1985's \$9.2m and a 50 per cent tax charge, the shares are on a prospective multiple of 18. With gearing high, it is not a share for the faint-hearted.

Meggitt has 44% backing for Bestobell

By Charles Batchelor

Meggitt Holdings, which is making an \$86m takeover bid for fellow engineering group Bestobell, yesterday announced it had won the backing of 44.2 per cent of Bestobell's shares by Thursday's first closing date.

Meggitt already has the support of BTR, which had unsuccessfully for Bestobell in 1979, and its 29 per cent shareholding, and owns a further 5 per cent of Bestobell. Nevertheless, the acceptance from the owners of a further 15 per cent of the shares represents an unusually high tally by the first close.

To offer of four Meggitt shares for one of Bestobell, with a 50p cash alternative has been extended until August 29.

Meggitt's shares rose 7p to 133p yesterday to value its share offer at 832p for each Bestobell share. Bestobell's shares rose 14p to 514p.

Ron Brierley buys more Ultramar

By Charles Batchelor

Mr Ron Brierley's IEP Securities has purchased another 251m worth of Ultramar shares to take its stake up to 12.8 per cent.

Over the last month Ultramar shares have fallen by 33p to a recent low of 130p, and this week the oil company revealed second quarter net losses of \$1.1m following unexpectedly large stock losses on Canadian downstream activities.

Many analysts believe that IEP's buying is aimed at supporting Ultramar's price so that it will not fall too far below the 165p average paid so far.

Redfern National Glass, in which Mr Brierley has a 24.3 per cent stake, has announced the appointment of Mr David Richards as full time financial director—previously the post was combined with that of company secretary. Mr Richards comes from J. H. Fenner (Holdings).

Chloride denies bid approach as shares rise

By Charles Batchelor

Chloride Group, the troubled batteries maker headed by Sir Michael Edwards, yesterday denied it had received a bid approach following a 7p rise to 52p in its shares on Thursday.

The company said it wished to announce that "Following sharp market movements in its share price yesterday (Thursday), no approaches have been made to the company, nor is the company aware of any."

Chloride has struggled to make profits in recent years in stagnant markets and has frequently been the subject of takeover speculation. It made small profits in the years ending March 1984 and 1985 after three years of losses, but slumped back into the red in its last financial year.

Its shares shed 2p to close at 50p yesterday.

Daily Mail Trust plans to buy out preference shares

By Charles Batchelor

The Daily Mail and General Trust, owner of the Daily Mail and Mail on Sunday, plans to buy out the owners of its preference shares as a prelude to its planned move to the more favourable tax climate of the Netherlands.

The trust hopes to move its domicile overseas to cut its capital gains tax bill. This move has run into opposition from the Treasury however.

If it succeeds in going overseas the preference shareholders would not benefit from the improvement in the capital value of the ordinary shares and the institutions among them might prefer not to be non-US sourced income.

John Hemlogway, a trustee, said: "We decided to clear the decks before going to Holland," he added.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Friday August 15 1986, and various indices. Includes categories like CAPITAL GOODS, CHEMICALS, FOOD, and FINANCIAL SERVICES.

FIXED INTEREST

Table showing fixed interest rates for various terms (1, 2, 3, 5, 10 years) and different types of securities (British Government, Local Authorities, etc.).

Table showing equity section or group, base date, and base value for various sectors like Electronics, Health/Household Products, etc.

* Opening index 1588.4; 10 am 1590.2; 11 am 1591.4; Noon 1595.7; 1 pm 1599.4; 2 pm 1603.3; 3 pm 1602.1; 4 pm 1602.0.

GA extends estate agency involvement

By Eric Short

Leading composite insurance group, General Accident, extended its involvement in the estate agency sector by acquiring two further major estate agency chains—the Maidstone-based Cobbs and the Newcastle-on-Tyne firm of Dudley Charlton.

No details were given of the amount paid and GA was not prepared to provide information on turnover or profits of either acquisition.

Cobbs has 38 offices throughout Kent and South East London. Its acquisition will give GA comprehensive coverage in right across Southern England South of the Thames.

Dudley Charlton has 18 offices throughout the Tyne valley and would form the base for coverage in North East England as the next step in GA's objective of a national network of estate agency outlets.

GA's declared aim is to use these estate agency offices to offer a full range of financial services products centred on the life and general insurance contracts available from the various companies in the General Accident Group.

AE/Turner

AE, the motor components group contesting a £244m bid from Turner & Newall, the mining, asbestos and engineering business, is expected next week to issue a profit forecast for the current year.

Analysts will be watching closely to see if AE can produce a figure well above the £26m pre-tax profits recorded for the year to September 1985.

This week T&N raised its offer by £80m to £244m and declared it final. In its formal offer document yesterday, T&N argued again that a combined group would be better placed to meet worldwide competition for supplying components.

Wight Collins buying US advertising agency

By Alice Rawsthorn

Wight Collins Rutherford Scott, the marketing services group, announced yesterday that it has reached preliminary agreement to acquire the privately-owned US advertising agency, Della Femina Travisano.

In June WCRS diversified outside the UK for the first time by acquiring the US advertising and public relations agency, HBM Creamer, for \$50m (£33m). The purchase of Della Femina Travisano, which has annual billings of \$200m (£133m), would bring WCRS's worldwide billings to more than \$800m (£533m).

GA's declared aim is to use these estate agency offices to offer a full range of financial services products centred on the life and general insurance contracts available from the various companies in the General Accident Group.

WCRS has been in negotiations with Della Femina Travisano since the conclusion of the HBM deal in June. The two companies have just signed letters of intent and according to WCRS's group chief executive, Mr Peter Scott, negotiations should be finalised within the next ten days. WCRS's share price rose by 11p to 456p on the announcement yesterday.

Della Femina Travisano is perceived as one of the more successful creative advertising agencies in the US. Its clients include: Chemical Bank, Cozzini, Dow Chemicals and Insoz Motors.

Battle for Belgrave boardroom hotting up

By Terry Povey

THE battle for boardroom control of Belgrave Holdings is hotting up. The property company was run by Mr Abdul Shamji until his main Gomba Holdings UK company was placed in receivership in November.

Two major shareholders each with 29.99 per cent stakes—International Securities AG, of Liechtenstein, and Larkis SA, a Swiss company—are at loggerheads over the former's demand for two representatives on the board.

Sir Montague Pritchard, Belgrave's chairman, has been obliged to call an emergency general meeting of shareholders on September 26 to consider the election proposal from International.

In a statement Sir Montague said that the existing board

Telfos profits advance to £881,000

By Charles Batchelor

Taking in an exceptional profit on investment disposal has helped Telfos to lift its pre-tax profit from \$508,000 to \$881,000 in the first half of this year.

The group, maker of non-ferrous metal products and metal spraying equipment, produced a net profit of \$45m (£31m) and operating profits of \$38,000 (£30,000) in the first half of this year.

This was boosted by investment income of £22,000 (£85,000) and interest received of \$81,000 (charged \$87,000). Earnings were shown at 5.8p (4.5p) per share and the interim dividend is lifted from a scrip adjusted 1.7p to 1.43p net. The interim is also payable on the capital increased by the rights issue last December.

Investment income included this time a profit of \$172,000 on the disposal of the holding in Anglo-Indonesian Corporation, which has merged with Plantation and General Investments to form Chillington Corporation, the ultimate holding company of Telfos.

Jackson Expl.

Jackson Exploration, the Dallas-based oil and gas company which is quoted in London, reports a significant increase in its half-year loss, from \$1.1m to \$10.76m (£7.24m). This is equal to 13 cents (2 cents) per share.

Total revenue fell from \$7.34m to \$2.61m mainly reflecting the lack of property sales, on top of which expenses rose from \$8.41m to \$12.9m.

Oil and gas sales produced \$1.16m (\$1.95m), operating and management fees \$511,000 (\$669,000), gas transport \$365,000 (\$386,000), and interest and other income \$118,000 (\$320,000). Last year there was \$4.1m from sale of oil and gas properties.

Group Investors expands

By Charles Batchelor

From earnings of 5.78p per share, against 4.75p, Group Investors is raising its dividend from 4.2p to 4.5p net for the year ended June 30, 1986. The final is 3.2p.

At that date the net asset value was 36.1p, after prior charges of 34p, compared with 31.46p a year earlier. Diluted for 1.1m options outstanding it came to 33.13p (28.8p).

Dividends Announced

Table with columns: Company, Current payment, Date, Corrected payment, Total last year.

LANDBROKE INDEX

1,281,128 (+9) Based on FT Index Tel: 01-427 4411

Oklahoma bank rescued by FDIC

BY TERRY DODSWORTH IN NEW YORK

THE GOVERNMENT-backed US Federal Deposit Insurance Corporation (FDIC) came to the rescue of one of Oklahoma's largest banking groups yesterday in an unusual agreement aimed at shoring-up the bank in return for significant sacrifices by shareholders.

The bailout of BancOklahoma, the second largest bank in the state with assets of \$2.7bn, comes almost a month to the day after the collapse of First National Bank and Trust Company of Oklahoma City.

Under the rescue package, the FDIC is injecting \$130m into BancOklahoma in the form of \$90m in cash and \$40m in assumed debt to keep it operating as a going concern. But in return for this assistance the

Los Angeles-based First Interstate Bank in a move which marked the second biggest US bank failure in US history. The FDIC's action, while similar to its bailout of Chicago-based Continental Illinois two years ago, is a striking departure from its usual rescue procedures, which are normally triggered only when a bank has closed.

Falconbridge to sell South African stake

By Jim James in Johannesburg

FALCONBRIDGE, the Canadian mining group, is seeking to divest from South Africa by selling its 25 per cent interest in Western Platinum, the smallest of the country's three platinum producers.

Hoogovens expects big setback

BY OUR FINANCIAL STAFF

HOOGOEVENS, the Dutch steel group which is 15 per cent owned by the state, expects a big drop in profits for 1985 as a result of shrinking steel margins and weak trading in minerals.

Profits for the first half are down 40 per cent on a year ago, despite a significant decline in turnover to F1 3.45 bn from F1 3.87 bn.

Hoogovens' interim report contrasts starkly with the upbeat annual results announced in April when profits for 1985 showed gains of more than a third, and the company put forward plans for a rights issue.

KNP improves first-half income

BY OUR AMSTERDAM CORRESPONDENT

KNP ROYAL Dutch Paper Mills, paper and packaging group, posted a 22 per cent higher net income of F171.5m (\$30.9m) in the first half of 1985, on slightly better profit margins.

although output volume rose by 6 per cent. Average selling prices were down, partly because of the weaker dollar. Profit margins improved on the better product mix and lower costs, particularly for energy.

Turnover fell 17 per cent to F12bn, also due to the weaker dollar. The shipping industry worldwide has been hit by the depreciating US currency and falling oil prices.

group, reported that net profit plunged by one-third to F1.7m in the first half of 1985 from F1 60.2m a year ago. Lower dollar and oil prices accounted for the profit fall, which Nedloy had warned about after last year's decline.

Banks head for Oslo bourse

BY FAY GJETER IN OSLO

THE OSLO bourse is preparing for several new banking share issues following the success of Stavanger Bank which has had its offer of shares oversubscribed just three days after the flotation was made.

market, the number of new banks has risen sharply. Stavanger Bank aims to become Norway's "most automated." It has concluded a technical co-operation deal with Vestdata, a Bergen-based computer services company and intends to start operating before Christmas. Its board has already applied for permission to establish a finance company subsidiary, Stavanger Finans.

Finansbanken will offer shares to the public later this month. It will have initial capital of Nkr 100m (\$13.6m). Half this amount has been subscribed in advance by its backers, a group of 58 companies

and individuals. Including the Kloster shipping group and the Selmer-Sande building and contracting concern. Orton, whose 50 founders are headed by two former directors of Sparebanken Oslo Akershus, will have an initial capital of Nkr 50m.

LONDON TRADED OPTIONS

Table with columns for CALLS and PUTS, listing various options like Allied Options, B.P. (403), Cons. Gold (469), etc.

Deutsche Babcock orders hit by rise in D-Mark

BY RUPERT CORNWELL IN BONN

DEUTSCHE BABCOCK, the leading West German power and engineering concern, has been hit by the sharp increase in the value of the D-Mark, which reduced new foreign orders by almost 40 per cent in the first 10 months of its current year to September 30.

EARNINGS AT De Danske Sukkerfabrikker were hit by heavy losses on dairy construction projects in the US at one of its Danish manufacturing subsidiaries for the year ending in April.

Half-year boost for Saga

BY OUR OSLO CORRESPONDENT

FAVOURABLE financial items, particularly good profits from forward sales of US dollars boosted half-year profits at Saga Petroleum, the independent Norwegian oil company.

Profits before extraordinary items, doubled from a year earlier, to Nkr 342.6m (\$46.6m) despite sharply increased operating costs and lower income from sales of petroleum products reflecting the fall in

crude oil prices. Operating profit dropped to Nkr 69.6m from Nkr 181.4m, but net financial earnings contributed Nkr 274m.

In January-June 1985, financial items were negative to the tune of Nkr 10.1m. The improved half-year figures will make little difference to the company's overriding problem—a lack of cash flow.

Nissho Iwai in Hanoi

BY OUR AMSTERDAM CORRESPONDENT

NISSHO Iwai, the Japanese trading house, plans to set up a two-person resident office in Hanoi, Vietnam, by the end of the year, Agencies report from Hanoi.

The group said yesterday it had been granted Vietnamese Government approval for the office, which would be the first officially established by a Japanese company since the reunification of Vietnam. It will co-ordinate a shrimp farming joint venture, and oil field development in the Mekong Delta.

Nissho Iwai's trade with Vietnam amounts to \$30m to \$40m a year. Trade between the two countries last year amounted to about \$214m, of which imports into Japan accounted for \$65m.

ABN ahead and makes \$200m cash call

By Laura Raun in Amsterdam

MODESTLY higher profits and a rights issue to raise around F1 500m (\$216m) were announced yesterday by Algemeen Bank Nederland (ABN), the highest of the Dutch commercial banks.

FOREIGN EXCHANGES Dollar steady but nervous

£ IN NEW YORK

THE DOLLAR showed little overall change from Thursday's closing levels in thin pre-weekend trading. Earlier the US unit had risen on rumours that US and West German officials had agreed on a cut in discount rates. This was countered later in the day by news of a 0.1 per cent fall in US industrial production which tended to underlie recent evidence of a continued economic slowdown.

Aug 15 Last Prev. Close

Table with columns for Spot, 1 month, 3 months, 6 months, 12 months, Forward premiums and discounts apply to the US dollar.

exchange rate index closed at 110.6 from 110.5. The Danish krone was weaker against the dollar but improved in terms of the D-mark, following an announcement that the Danish budget deficit would be reduced. The D-mark eased to Dkr 3.75 from Dkr 3.76. Sterling was generally firmer, helped by a rise in oil prices and an encouraging fall in UK inflation to an annual rate of 2.4

STERLING INDEX

Table with columns for Aug 15, 15 Aug, 16 Aug, 17 Aug, 18 Aug, 19 Aug, 20 Aug, 21 Aug, 22 Aug, 23 Aug, 24 Aug, 25 Aug, 26 Aug, 27 Aug, 28 Aug, 29 Aug, 30 Aug, 31 Aug.

POUND SPOT—FORWARD AGAINST POUND

Table with columns for Aug 15, Day's spread, Close, One month, Three months, Six months, One year.

CURRENCY RATES

Table with columns for Aug 15, Bank, Spot, Forward, Morgan Guaranty.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns for Aug 15, Day's spread, Close, One month, Three months, Six months, One year.

CURRENCY MOVEMENTS

Table with columns for August 15, Bank of England, Morgan Guaranty.

EURO-CURRENCY INTEREST RATES

Table with columns for August 15, Short term, 7 days notice, 1 Month, Three Months, Six Months, One Year.

OTHER CURRENCIES

Table with columns for Aug. 15, Argentina, Australia, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, West Germany, Yugoslavia.

EXCHANGE CROSS RATES

Table with columns for Aug. 15, \$, DM, Yen, Ffr, Sfr, Hfl, Lira, C\$, Bfr.

MONEY MARKETS

UK rates easier

INTEREST RATES were a little lower in London yesterday, reflecting a better sentiment in the market. Sterling finished the day on a firmer note and oil prices rose while the rate of inflation showed a further encouraging fall. In addition there was growing optimism that the US, West Germany and Japan may all cut their discount rate.

FT LONDON INTERBANK FIXING

Table with columns for (11.00 a.m. August 15), Three months US dollar, Six months US dollar, bid offer.

MONEY RATES

Table with columns for August 15, Frankfurt, Paris, Amsterdam, Tokyo, Company Deposits, Finance House Deposits, Treasury Bills (Buy), Bank Bills (Buy), Money Market (Buy), Dollar Cds, SDR Linked Deposits, ECU Deposits.

LONDON MONEY RATES

Table with columns for August 15, Interbank, Sterling, Local Authority Deposits, Discount Mkt. Deposits, Company Deposits, Finance House Deposits, Treasury Bills (Buy), Bank Bills (Buy), Money Market (Buy), Dollar Cds, SDR Linked Deposits, ECU Deposits.

Half-year boost for Saga

BY OUR OSLO CORRESPONDENT

FAVOURABLE financial items, particularly good profits from forward sales of US dollars boosted half-year profits at Saga Petroleum, the independent Norwegian oil company.

Profits before extraordinary items, doubled from a year earlier, to Nkr 342.6m (\$46.6m) despite sharply increased operating costs and lower income from sales of petroleum products reflecting the fall in

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for various companies in New York, including AGS Computers, AMCA, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

WALL STREET

Cautious on stock and index options. Stocks remained mixed on Wall Street yesterday as investors...

WALL STREET

price, traders said. Despite sharp gains over the past four sessions, investors said they do not anticipate the market to change course.

HONG KONG

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

CANADA

Stocks turned lower in sluggish mid-session activity, with turnover increasing to HK\$ 358,944,760.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

NEW YORK

Table of stock prices for various companies in New York, including AGS Computers, AMCA, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

WALL STREET

Cautious on stock and index options. Stocks remained mixed on Wall Street yesterday as investors...

WALL STREET

price, traders said. Despite sharp gains over the past four sessions, investors said they do not anticipate the market to change course.

HONG KONG

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

CANADA

Stocks turned lower in sluggish mid-session activity, with turnover increasing to HK\$ 358,944,760.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

NEW YORK

Table of stock prices for various companies in New York, including AGS Computers, AMCA, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

Stock

Table of stock prices for various companies, including Alcoa, Alcan, and others.

WALL STREET

Cautious on stock and index options. Stocks remained mixed on Wall Street yesterday as investors...

WALL STREET

price, traders said. Despite sharp gains over the past four sessions, investors said they do not anticipate the market to change course.

HONG KONG

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

CANADA

Stocks turned lower in sluggish mid-session activity, with turnover increasing to HK\$ 358,944,760.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

WALL STREET

Share prices rebounded to close higher, following a delayed response to the Hong Kong Exchange's decision of a one-point prime rate cut.

COMMODITIES AND AGRICULTURE

LONDON STOCK EXCHANGE

REVIEW OF THE WEEK

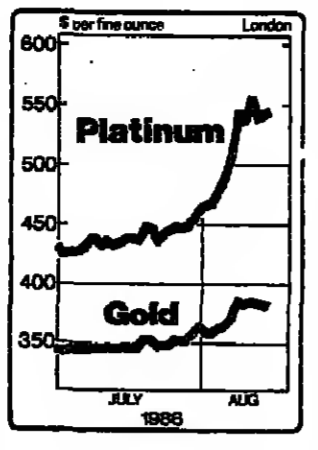
Crop report stirs up Chicago markets

BY DAVID OWEN IN CHICAGO AND RICHARD MOONEY IN LONDON

SOYABEAN AND grain prices on the Chicago Board of Trade fluctuated widely this week as traders first anticipated the US Department of Agriculture's latest crop estimates published Wednesday, and then, after their expectations of another bumper crop had been confirmed, reacted against the fall estimates had triggered.

The USDA report confirmed that the coming crops would be below last year's bumper levels but indicated that the recent drought had done less damage than some analysts had suggested. The biggest price movements were in the soybean complex. The beans, which had touched \$4.50 a bushel on Monday, dipped to \$4.47, immediately after the news but rebounded later. By mid-session yesterday the price was quoted at \$4.73, showing a net gain on the week of half a cent. The nearby August and September delivery months were firmer, however, hailed by short term tightness in soybean meal supplies and were showing gains on the week of 12 1/2 cents and 7 1/2 cents respectively.

Meanwhile the December maize position was showing a net rise on the week of 3 cents at \$1.73 a bushel, but December wheat was down 1 1/2 cents at \$2.60 a bushel. Analysis explained the rally in soybeans as a reaction to the contract low reached earlier. In addition, they said, traders who had sold short of beans and grain in advance of the report were buying back to cover their positions. "It doesn't mean we have hit the low yet," cautioned one trader. Meal fundamentals are regarded as more constructive.



Platinum and Gold prices from July 1985 to August 1986.

as high as \$3,000 a tonne and as low as \$1,800 a tonne this year. Speculators seem anxious not to be left behind by the next decisive movement. But there is little to give them a clue as to which direction this will take. With Brazil's peak frost risk period now in the past and this year's drought scare fading the bulls are pinning their hopes on rumours that last year's four-month drought reduced the 1986/87 by even more than the 50 per cent already discounted. The situation should become clearer around the middle of next week, however, when the Brazilian Coffee Institute publishes an updated crop assessment.

On the London Metal Exchange lead values regained further ground, helped by figures from the American Bureau of Metal Statistics showing that refiners stocks of the metal were down 16,787 tonnes and production was down 9,596 tonnes in July. With rumours of continued labour unrest at Australia's Broken Hill mines, despite last month's return to work, providing further upward pressure the cash quotation ended the week 92 higher at \$28.75 a tonne. By contrast the cash nickel price edged \$119 down on the week at \$2,503.50 a tonne reflecting recent heavy Soviet sales of the metal, slack buying interest on the part of stainless steel manufacturers and the absence of producer support.

US MARKETS

PLATINUM FUTURES closed unchanged with commission houses and locals dominating trading and the trade remaining on the sidelines, reports Heinold. The market fell away initially on the fact that the bill for US sanctions against South Africa would not be voted on before the Congress recess, before being bid up towards the close as traders squared positions ahead of the weekend. Coffee futures closed sharply higher to limit-up but the surge was brief and prices declined under the session highs. The burst of buying came on thin volume. Most of the short-covering was related to a report that the president of the IBC said damage to the old coffee crop in Brazil was worse than expected and that the outlook was for possible problems with the new crop.

NEW YORK

Table with columns: Commodity, Close, High, Low, Prev. Includes Aluminum, Copper, Cocoa, Coffee, and Crude Oil.

CHICAGO

Table with columns: Commodity, Close, High, Low, Prev. Includes Live Cattle, Live Hogs, Soybeans, and Corn.

COCAOA

Table with columns: Commodity, Close, High, Low, Prev. Includes Cocoa and Coffee.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Metals, Grains, Spices, Oils, and Other Commodities.

INDICES

Table showing various indices including Reuters, Dow Jones, Cocoa, Coffee, and Soybean Meal.

ALUMINIUM

Table showing Aluminum prices for different grades and contracts.

ZINC

Table showing Zinc prices for different grades and contracts.

COPPER

Table showing Copper prices for different grades and contracts.

GOLD

Table showing Gold prices for different contracts.

LEAD

Table showing Lead prices for different grades and contracts.

SILVER

Table showing Silver prices for different grades and contracts.

NICKEL

Table showing Nickel prices for different grades and contracts.

GRAINS

Table showing Grain prices for Wheat, Barley, and Rye.

TIN

Table showing Tin prices for different grades and contracts.

RUBBER

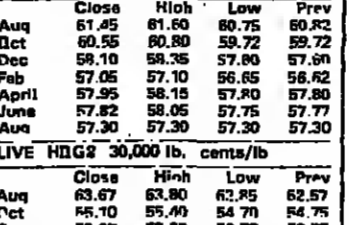
Table showing Rubber prices for different grades and contracts.

FT-SE index closes 75 up on the week

Account Dealing Dates

Table showing FT-SE index performance and account dealing dates.

SHARE-PRICE MOVEMENTS



FT-Actuaries ALL-SHARE Index in real terms.

Exchange settlement system, raised to more than 800p. Harding Associated rose 20 to 280p on the Ministry of Defence order for anti-tank weapons. In the Leisure sector, Samuelsen remained on offer in the wake of a chairman's cautious statement and shed 7 more to 173p, but Fairline Boats continued to attract speculative support and rose 15 to 165p, a two-day gain of 23. Reversed bid speculation helped British Car Auction rise 6 to 135p after a previous session's quiet motor sector. Satchell and Satchell, a rising market this week on the announcement that the Board is seeking a listing on the Tokyo and New York exchanges, advanced 9 1/2 to 450p. Wight Collins Butterfield Scott gained 11 to 450p following acquisition details and Good Relations rallied 5 to 105p on further consideration of the interim figures. Wingate Property Investment, up 160 on Thursday following details of a 150p per share cash offer and proposed capital injections of £47m over the next five years from Chase Corporation of New Zealand, leapt another 180 to 480p following fresh demand, most of which is thought to have emanated from New Zealand. Elsewhere in the Property sector, recent takeover favourably reformed to 10 to 65p in the absence of any developments, while Imry, already in receipt of a bid approach, slipped 5 to 375p. Consolidated Term slumped 12 to 35p on news of the trading loss assessment of the interim dividend. Mills and Allen returned to prominence among Financials, rising 20 to 370p on rumours of management buy-outs at two US divisions and of a large put-through. Mercantile House attracted speculative support at 282 1/2, while British Investments appreciated 10 to 155p.

Clearers strong

Expectations that the forthcoming TSB flotation will be a resounding success continued to attract investors to the major clearing banks which made a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

POTATOES

The market was quiet, trading in a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

MEAT

Expectations that the forthcoming TSB flotation will be a resounding success continued to attract investors to the major clearing banks which made a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

GAS OIL FUTURES

Expectations that the forthcoming TSB flotation will be a resounding success continued to attract investors to the major clearing banks which made a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

SUGAR

Expectations that the forthcoming TSB flotation will be a resounding success continued to attract investors to the major clearing banks which made a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

FREIGHT FUTURES

Expectations that the forthcoming TSB flotation will be a resounding success continued to attract investors to the major clearing banks which made a narrow range and deepening a great deal of nervousness as opinions on the effect of the weather on the Continent and in the UK continued to improve but there are no official figures for plantings, reports Coty and Harper.

Alfred Marks aids young unemployed

Alfred Marks, a recruitment consultancy, placed 200 youngsters in jobs.

Traded Options

Dealers reported much improved turnover among Traded Options contracts struck amounted to 21,650, the highest since the expiry of the July series. As on Thursday, operators again centred their attention on Hanson Trust and British Telecom which attracted 3,617 and 2,964 calls respectively.

TRADITIONAL OPTIONS

Call options were transacted in Sunlight Electronics, Glaxo, Hawley, Sears, Burnside, Hawley, East Rand Consolidated, IBC, Regan Property Trust, Ashley Industrial Trust, and others.

Alfred Marks aids young unemployed

Alfred Marks, a recruitment consultancy, placed 200 youngsters in jobs.

Traded Options

Dealers reported much improved turnover among Traded Options contracts struck amounted to 21,650, the highest since the expiry of the July series. As on Thursday, operators again centred their attention on Hanson Trust and British Telecom which attracted 3,617 and 2,964 calls respectively.

TRADITIONAL OPTIONS

Call options were transacted in Sunlight Electronics, Glaxo, Hawley, Sears, Burnside, Hawley, East Rand Consolidated, IBC, Regan Property Trust, Ashley Industrial Trust, and others.

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
City of Edinburgh Life Assurance
Weston Unit Trust Managers Ltd(a)(c)
Whitbread Unit Trust Managers
Windsor Trust Managers Ltd
Wright Seligman Fund Managers Ltd

Equitable Life Ass Co - Cont'd
MIL Sun Life Assur. Coy
M & G Group
National Provident Institution

01-405 8988
01-405 8989
01-405 8990
01-405 8991
01-405 8992

Provincial Life Assurance Co Ltd
Schroder Life Assurance Co Ltd
01-297 6550
01-297 6551
01-297 6552

INSURANCES

AA Friendly Society
Abnely Life Assurance Co Ltd
01-405 8988
01-405 8989

01-405 8993
01-405 8994
01-405 8995
01-405 8996

01-405 8997
01-405 8998
01-405 8999
01-405 9000

01-405 9001
01-405 9002
01-405 9003
01-405 9004

01-405 9005
01-405 9006
01-405 9007
01-405 9008

01-405 9009
01-405 9010
01-405 9011
01-405 9012

01-405 9013
01-405 9014
01-405 9015
01-405 9016

01-405 9017
01-405 9018
01-405 9019
01-405 9020

01-405 9021
01-405 9022
01-405 9023
01-405 9024

01-405 9025
01-405 9026
01-405 9027
01-405 9028

01-405 9029
01-405 9030
01-405 9031
01-405 9032

01-405 9033
01-405 9034
01-405 9035
01-405 9036

01-405 9037
01-405 9038
01-405 9039
01-405 9040

01-405 9041
01-405 9042
01-405 9043
01-405 9044

01-405 9045
01-405 9046
01-405 9047
01-405 9048

01-405 9049
01-405 9050
01-405 9051
01-405 9052

01-405 9053
01-405 9054
01-405 9055
01-405 9056

01-405 9057
01-405 9058
01-405 9059
01-405 9060

01-405 9061
01-405 9062
01-405 9063
01-405 9064

01-405 9065
01-405 9066
01-405 9067
01-405 9068

01-405 9069
01-405 9070
01-405 9071
01-405 9072

01-405 9073
01-405 9074
01-405 9075
01-405 9076

01-405 9077
01-405 9078
01-405 9079
01-405 9080

01-405 9081
01-405 9082
01-405 9083
01-405 9084

01-405 9085
01-405 9086
01-405 9087
01-405 9088

01-405 9089
01-405 9090
01-405 9091
01-405 9092

01-405 9093
01-405 9094
01-405 9095
01-405 9096

01-405 9097
01-405 9098
01-405 9099
01-405 9100

01-405 9101
01-405 9102
01-405 9103
01-405 9104

01-405 9105
01-405 9106
01-405 9107
01-405 9108

01-405 9109
01-405 9110
01-405 9111
01-405 9112

01-405 9113
01-405 9114
01-405 9115
01-405 9116

Johnnie's

Self is old

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and investment products with columns for company name, fund name, and numerical values.

Table listing insurance and investment products, including 'Family International - Contd.' and 'Henderson Admin. (Overseas)'.

Table listing insurance and investment products, including 'Henderson Admin. (Overseas)' and 'Merrill Lynch & Co. Inc.'.

Table listing insurance and investment products, including 'Schroder Investment Management (Jersey) Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Table listing insurance and investment products, including 'Windsor Life Assurance Co Ltd' and 'Windsor Life Assurance Co Ltd'.

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS 3-month call rates

NOTES

A selection of options listed in the London Stock Exchange Report Page.

BRITISH FUNDS, AMERICANS-Cont., CANADIANS, BANKS, NP & LEASING, INT. BANK AND OVERSEAS GOVT. STERLING ISSUES, CORP. LOANS, COMMONWEALTH & AFRICAN LOANS, FOREIGN BONDS & RAILS, AMERICANS

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS-Cont., DRAPERY & STORES-Cont., ELECTRICALS, CHEMICALS, PLASTICS, DRAPERY AND STORES, BEERS, WINES & SPIRITS, BUILDING, TIMBER, ROADS

ENGINEERING-Continued, INDUSTRIALS-Continued, F&D, GROCERIES, ETC., HOTELS AND CATERERS, INDUSTRIALS (Misc.)

Self in 1980

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

INDUSTRIALS - Continued table with columns for stock names, prices, and changes.

LEISURE - Continued table with columns for stock names, prices, and changes.

PROPERTY - Continued table with columns for stock names, prices, and changes.

INVESTMENT TRUSTS - Cont. table with columns for stock names, prices, and changes.

FINANCE, LAND - Cont. table with columns for stock names, prices, and changes.

MINES - Continued table with columns for stock names, prices, and changes.

Regional & Irish Stocks section with various market news and data.

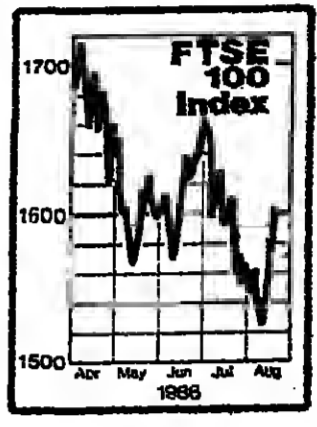
WHAT INVESTMENT NOW? CALL FREE 0800 414161 Fidelity

FOR ALL YOUR COMMERCIAL PROPERTY PHONE: 0800 833383

THE LEX COLUMN

Paint stripping Hanson style

Index rose 7.8 to 1271.0



In little more time than it took Hanson Trust to buy SCM, the purchase price has almost been recouped through sales of some of the parts.

as large as the cash realised. But the point is that if the proceeds are of the size Tricentrol claims then it will be able to repay all but about £10m of its straight bank debt.

Tamil refugees traced back to W Germany

BY RUPERT CORNWELL IN BONN
THE MYSTERY of the Tamil refugees rescued off Newfoundland on Monday is virtually solved. According to Hamburg police, the 152 Tamils left a port on the River Weser in northern Germany early on July 28, to be smuggled across the Atlantic in the hold of a West German coastal steamer for DM 5,000 (£1,623) a head.

US announces successor to Challenger

BY NANCY DUNNE IN WASHINGTON
THE WHITE HOUSE yesterday took the US space agency Nasa out of the commercial satellite business and announced that a space orbiter would be built to succeed the ill-fated shuttle Challenger.

Denmark to maintain policies on deficit

BY Hilary Barnes in Copenhagen
DENMARK'S MINORITY Socialist Government is not planning to change its economic policies to reduce the country's large current account deficit.

Eurobond debut for BT

By Alexander Nicoll and Clare Pearson
BRITISH TELECOM yesterday made its debut in the Eurobond market with a \$250m issue, its first long-term borrowing since privatisation in 1984.

Recovery in equities continues

BY GEORGE GRAHAM
LONDON SHARE prices continued their recovery yesterday, more than making up the ground they had lost in the previous week.

Probe into cement price fixing

BY ANDREW TAYLOR
THE PRICE-FIXING agreement between Britain's three big cement manufacturers, cleared by the Restrictive Practices Court in 1962 and 1973, is to be investigated on behalf of the Office of Fair Trading.

Markets

A week ago the hull market in equities was thought to be the victim of a nasty mid-summer fever. It now appears that the beast was simply a convincing hypochondriac.

Tricentrol

Tricentrol is now performing a very credible impersonation of Napoleon's retreat from Moscow. Having deployed a grand strategy to spend its earnings from \$30 a barrel North Sea oil on a worldwide diversification the company is now pulling out all the way from Canada to the South China Sea.

Estate agents

Estate agents are regarded like dentists: people use them only when they have to and do not expect to enjoy the experience.

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

WORLDWIDE WEATHER

Table with columns for Y'day, Y'day midday, Y'day night, Y'day midday, listing weather conditions for various cities.

Continued from Page 1

Rolls-Royce

GE's Cincinnati-based engine division believes its pact with the British company should have precluded it from bidding for the order. This is emphatically denied by Rolls-Royce.

Continued from Page 1

Volvo

Mr Sten Langensius, managing director of Volvo Truck Corporation, said the deal represented a "great opportunity to strengthen our dealer network."

Oppenheimer Europe: go for the encore. Following spectacular growth in 1985 European markets have consolidated in the first half of this year. Many financial advisers are now looking again towards Europe for dynamic growth.

WEEKEND FT

Saturday August 16 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Vanishing landscapes

IN THE LAST five years the English landscape has become a political issue. This month farmers will be setting fire to it as usual, and familiar questions will loom through the smoke. Can we really abandon our "national heritage" to an industry of sprayers, hedge-rippers and prairie-makers? Why should we pay property owners to produce barley, most of which is sold for animals abroad? Why are we allowing miles of downland and moor to be ploughed and old hedgerows to be torn out, turning Britain into a heathly north European plain? Is it all the fault of the EEC?

Whenever these questions are raised, farmers answer them in the name of "land-owning." Leave schooling to the teachers and farming to the land-owners, they say. Those who drive up and down their land on tractors and in cars are best able to put it to "economic" uses. But are these uses really "economic" if they depend on enormous subsidies? Questions like this raise cultural issues, and land-owning alone cannot cope with them. Like nature, landscape is an idea which humans invent; nowadays, responsible "land-owning" does not bring a clear idea of what a landscape should be, yet the farmers' opponents are equally negative—reduced to conservation for conservation's sake.

Landscape is an idea which has often been sharpened by art, yet here, modern landowners can expect very little help. The countryside's bleak treatment is related to their cultural barrenness: the one reflects on the other. Nowadays, very few poets can evoke a landscape and next to nobody is writing memorable poems about the countryside. Landscape painting is in a dark age, and the art of designing a landscape has suffered likewise, the skills being divided into separate compartments. There are architects, landscape architects, and landscape gardeners. It is hard enough to trust an architect to design a building, but most of them would not even trust themselves to design its surrounding grounds. Most landscape architects concern themselves with the gradients of new roads and drive-ways or tasks like concealing a factory or siting swimming-pools in country homes. Landscape gardeners usually find a canvas of two acres too big for them; many of them living with the idea that "landscaping" means patios, walling, and fiddly ornamental ponds.

We are not the first generation for whom the reshaping of the countryside has been a serious issue. Two hundred years ago, hedge-ripping, land-use and anti-social landownership were prominent matters of complaint. What has changed is the result. We have allowed the landscape to be savaged, until admirers of England's pleasant green have to go to Somerset or Dorsetshire in order to catch a glimpse of it. Our predecessors also ripped hedges and remodelled ground. They too farmed for profit, but the result was an ideal of landscape which became a British export, and which gave shape to the idea of England.

Two hundred years after Capability Brown and amid the annual row on stubble burning, Robin Lane Fox makes a new plea for England's green and pleasant land

Nowadays, nobody wants to copy our prairie-farming. How did the past do so much better?

The answer is not only one of economics, as if modern landowners are the first people to need to squeeze money from their estates. In the 18th century, people also wanted a return from land. Nor is it a question of changing scale. In an age of bizarre institutional ownership, estates have not shrunk to a smaller, less economic scale. In fact the answer is as much cultural as agricultural: in the past, the landscape profited from an alliance of art, aesthetic argument, and individual genius.

One pre-condition for its golden age was an awareness of landscape painting. Familiarity has now blunted this influence, but it is hard to imagine many institutional landowners looking at their farm-portfolio with the landscapes of their Gainsboroughs in mind. In the past the Grand Tour through Europe to Italy meant something more than sunbathing to the rising generation of landowners, many of whom collected European paintings or bought artistic souvenirs. Even those who missed out could make amends on their return. By the 1730s, prints of great landscape paintings were becoming a lively market in England, and where no originals were available, dealers had them faked and sold forgeries instead.

As a result, people began to have ideas of how a landscape should look: they responded to the idealised hack-grounds of great Italian paintings and to the mathematical precision of landscapes by Poussin. Above all, they were seduced by these alternating bands of light and shade which lead the eye to the horizon of dreamy landscape by the master artist, Claude Lorraine.

A sound taste in landscape was a mark of a person's accomplishment. There was an art in finding exactly the right place from which to view a prospect and where best to stand to frame a view



Illustration by Michael Frith; based on Richard Cosway portrait of Capability Brown.

with trees. Women, too, were expected to show proficiency, as Jane Austen's novels later remind us.

It was from these artistic and literary vistas that the idea of an English landscape developed. The first person to "leap the fence and see all nature was a garden" was also a painter, William Kent, whose sense of landscape planning is still evident at Stowe in Buckinghamshire, and in Rousham Park in Oxfordshire. Prairie-farming of the past 20 years has greatly spoiled the effects of Rousham's grand design, but enough survives to show how Kent's eye conceived it. It opened out past buildings which alluded to the Greek and Roman classics, another link we have broken. It stretched into painterly views, ordered but natural and combinable with farming.

It is not true that Kent and his predecessors worked for landowners to whom profit was irrelevant. Kent's more natural style of landscape developed at a time when long avenues of hardwood trees were also fashionable. They radiated far and wide into the landscape, like French geometric gardens, but they were also seen by their owners as a sound investment and were recommended for that reason. Landowners profited, while creating a landscape which was artistic: it was still possible to graze and grow timber in a Kent design.

These early experiments led to lively public discussions throughout the 18th century. Poets like James Thomson expressed similar ideas in their landscape-poems, while the recent exhibitions of Richard Wilson's paintings showed how 18th century artists took this style of scenery as the model for their "landscapes" form. People argued about the idea of the beautiful in nature and scenery; the various parties held strong views and taste was itself a sign of moral or political conviction. In polemic, clipped formal gardens were equated with tyranny or mindless Tory allegiance. It was evident to some that beauty

resided in a curving serpentine line, to others in rugged, awesome scenery.

This climate of argument and artistic inter-connection did not produce the landscape which Europe admired and imitated. It was a necessary pre-condition, not a sufficient cause. Nor were new tricks of design or technique responsible, though historians like to emphasise them. If the garden was to be opened out into the landscape, it was important to have a smooth transition between the two. In the 1720s, landscape did invent the ha-ha, the walled ditch which brought vistas of cows and grazing sheep to the edge of a garden lawn, while excluding the animals themselves. The ha-ha, surely, was invented because people wished to create these improved natural landscapes. It was not the reason why they created them in the first place.

This culture of invention and argument was then enlarged by one man's particular talent. Blenheim Park, Petworth House, Burghley, Chatsworth, Longleat: these stately homes are only a few of the places transformed by Britain's most famous landscaper, "Capability" Brown. Until his death in 1783, Brown was the beneficiary of an age in which the idea of landscape was widely discussed, yet he himself gave it a direction which went beyond painting and poetry. His nickname, Capability, was explained by his favourite habit of assuring prospective clients that their broad acres had "great capabilities."

It is just over 200 years since his death, yet his origins and particular talents are still mysterious. One point, however, marks him off immediately from anyone in our culture: he was an architect of great houses as well as a designer of huge landscapes. We do not know how he learned this art, but certainly he entered no degree-course or institute of design. At Croome Court in Worcestershire, or Claremont in Surrey, we can still admire a Brown house. Our own age has made architecture a

"qualified" profession, but nobody would claim that the qualifications have improved the results. Brown, on the other hand, spanned several boundaries, between building houses and planning huge estates, between designing a superb ceiling (at Corsham Court, in Wiltshire) or designing lakes, curving rivers and landscapes of well-placed trees. Nowadays, these arts are separated; we could hardly believe that one "untrained" person could master them all.

Brown's best-known capability was his gift for conceiving broad, green parks, which ran away from a great house. They were broken in their middle distance by a curving line of water, while clumps of trees led the eye into the further distance: the boundaries and vistas were liberally planted with belts and copses. Like all geniuses, Brown was fiercely and unjustly attacked. He was accused of destruction as if he was making empty wastelands, like a modern East Anglian landowner. In fact, he planted trees by the thousand, but sited them in subtle groups and lines. His lakes and rivers did, admittedly, have a tendency to leak; he could also be quite ruthless about intervening habitations, moving a whole village if it spoiled his design. By moderns, he has been accused of a lack of interest in plants: a landscaper, not a gardener. The middle distance and the broader prospect may have been his particular strengths, but the complaint may not be just. We know that on one occasion Brown was concerned to sow red clover in the grass of a natural landscape. At Petworth in Sussex we have a list of garden-plants, to be ordered for positioning near the great house. Admittedly the list is the only survivor and the plants are rather ordinary, but elsewhere Brown designed a greenhouse, and when we know of his work in much smaller spaces, his business did include a concern for plants.

His lack of interest in gardening has probably been exaggerated, and so, it seems, has the caricature of Brown as a

"plain man with single theory." Enemies attacked him as a "peasant emerging from the melon-pit" and it is quite true that he began his career as an under-gardener in Northumberland, his place of birth. However, his support and close relationship with the local landowning baronet, Sir William Lorraine, have long attracted comment. The latest life of Brown, written by Thomas Hyde this year, contains a neat conjecture to explain it. Brown, he suggests, may have been born on the right of the ha-ha, as an illegitimate son of the neighbouring Sir William. The only evidence for this idea is a tradition passed down by recent vicars of Brown's home parish, at Kirkcubbin.

Yet it would explain oddities in Brown's early years, the unexpected marriage of his brother to the daughter of Sir William, and the baronet's kind introduction of his gardener to great clients further south. Otherwise, we know nothing of the sources of Brown's style. He worked at Stowe, perhaps with William Kent, but he indulged in none of the literary conceits of Kent's manner and owed no direct debt to European art. Ultimately, he is a natural English genius. I have always felt that the broad natural prospects and curving rivers of his native Northumberland must have influenced his eye.

We do know, however, that Brown attained great social esteem. He had a good way with clients. He could command large fees, while knowing when to leave the hill's exact size to his patron's better judgment (he banked at Drummonds, where his accounts are one of the best indications of his patrons). He sent his son to Eton and enjoyed the intimacy with the elder William Pitt. "Go you, and adorn England," Pitt was said to have told him. "Go you, and preserve it," Brown replied to the Prime Minister.

Such an alliance of taste and politics is a marked contrast to anything in our own times. Brown's masterpiece is his landscaping of the lake and main vista at Blenheim Park, the best example of the style which was to become the great English export in the visual arts. In Germany, an "Englischer Garten" is still a curving landscape of grass and trees, not a flowery "Englischwoman's garden." In France, after Napoleon's defeat, the English style was briefly dominant.

Since then, we have destroyed most of Brown's original designs, during our continuing rape of the landscape. Two of the best surviving examples are the park at Petworth in Sussex and the great lake and walks at Wotton Underwood in Buckinghamshire. Twenty years ago, however, the grounds of Wotton were in decay and about to be sold in lots for a housing-estate, while the park at Petworth was threatened with a by-pass from the nearby town which was to run straight through its foreground.

Having erased most of his work, we have also lost all contact with the culture which produced them. We, too, have remodelled the landscape, using bigger and cheaper machines than anything Brown commanded (his device for transplanting trees seems quite humble beside a modern bulldozer). We, too, have opened huge vistas and pulled out hedges by the thousand. Culturally, the result has been vandalism and disaster. One cause—not symptom—is the fact that the idea of landscape has passed out of intellectual debate. It is said that one of Brown's daughters once told the great man that he did so very much hope he would die before Mr Brown, because he wanted to see Heaven before Brown had improved its capabilities. Now, we are all too late. We can only hope that any Brownian parks beyond the grave have not been ploughed and sown with beastly oil-seed rape.

The Long View

Behind the world's ugly awakening

KIPLING said it: If you can keep your head when all about you are losing theirs. And he was right; the ability to make your own judgments, and shrug off fashionable hysteria, is a real test of manhood, and the one that matters most to investors. That kind of manhood is badly needed at the moment by anyone exposed to much market advice, especially from the US. A good deal of the guru community there has swung straight from the ill-based euphoria of last winter into abject panic.

We all know by now that these people are not irrationally, although hardly any of them show the engaging frankness of Don Conlan, of Los Angeles, who simply reprints his main January forecasts with terse comments, wrong, wrong, wrong again.

He might have been wrong, but at least he seems to be wrong in a level-headed kind of way and his latest forecast (modestly optimistic) seems likelier to prove trustworthy than the new wailing of those who seem to think that, because they have made some bad forecasts, the whole world must have fallen apart.

That is just pompous, and inventing new terms to describe one's own inner confusion does not really provide new insights. "Riot point in the markets" and "credit implosion" are two choice specimens from this week's prepare-to-met-typhoon selection. They are meaningless.

Strip away the new coined verbiage and there are two reasons for the present alarms. One is the much-discussed pause in world growth, which

Anthony Harris argues that the prophets of gloom and doom have gone too far and that Kipling had the right idea when he praised the virtues of keeping a cool head



a year now, and the other is the fact that a lot of horrorers seem unlikely to be able to repay their debts, which has been obvious for about four years. These familiar facts are causing alarm mainly among wishful thinkers (those who decided themselves into thinking that falling prices would act as a large economic stimulus, thus standing the whole of economic history on its head), and those who thought that debt risk was confined to what they regard as banana republics. Bankruptcies in Texas, and the fact that the US Government itself can't stop borrowing have been an ugly awakening.

Readers of this newspaper cannot have been taken by surprise either by the slowdown or by the debt problems; but

now that they are frightening some commentators, it is worth thinking coolly about them again. Just how bad is the news?

So far as world growth is concerned, the first point to grasp is that the news is unrelaxing. So far as Britain is concerned, we were reminded of this only a few days ago by Dr John Muellbauer and his team in Oxford. They estimate that recent official figures for UK output are a good 2 per cent too low — which means that growth is still with us and productivity is still improving.

There are three good reasons for believing it. First, we know how official figures tend to go wrong when the structure of the economy is changing. Second, the strength of profits, the rise in job vacancies and complaints of skill shortages do not sound like economic stagnation. Third, similar mistakes on the gloomy side are emerging in the US.

The American story shows not only what can happen — output for the year up to last spring has now been revised up by 1.2 per cent — but how. The statisticians, who take sample surveys of familiar industries, were missing part of the growth of services. This is confirmed by a household check on employment, which uncovered more than a million previously unrecorded jobs.

It is not only statisticians who are caught out by changes in the structure of demand. Banks get caught out, too. That is why the decline in the market for the major industrial products of the past — steel, ships, and the energy required to make these heavyweight items — has left such a trail of financial damage. "Core" industries, which

loans were made, are crashing; natural resources, which seemed to make countries safe credit risks, have lost value. These are real problems, certainly, but it is absurd to panic about them at this late date.

So far, we have been concerned only with the situation as it is now, but at least we have a level-headed assessment to set against the panicky one. Growth is disappointing, but it has probably slowed down rather than stopping. There are some ugly credit problems in the world but they are well-known and discounted in present asset prices.

What about the future? The biggest problem we seem to be facing in the real world is made: government policies, especially in the surplus countries, do seem calculated to depress growth. Policy-makers in Bonn and Tokyo seem obsessed with the problems of the recent past — such as inflation — and with the retirement bulge of the distant future, and unwilling to tackle the present problems of imbalance and sluggishness.

These policies are extremely annoying to those who disagree with them, but they would surely be changed if they really did cause a recession. Meanwhile, they do help to make room for a further fall in interest rates; and although this will probably not do much for the real economy, it will help to ease financial strain. The whole condition sounds uncomfortable, but far from fatal.

Our psychological problems could get worrying, though. If the doom-sayers get too much attention, so that lenders become obsessed with risk, and businessmen with retrenchment, they could provoke the disasters they predict. Happily, the market suggests at the moment

Arts: on the Fringe in Edinburgh	XI
Finance: the great TSB sell-off	IV
Motoring: a sporty pair from France	VII
Shopping: what's in store at Habitat	IX
Sport: Benson and Hedges golf	XII
Travel: magic Cornwall, exotic Iceland	VIII
Books	XI
Finance & Family	IV-V
Food	VIII
Stock Markets:	XII
London	VIII
New York	III
Tokyo	III
Travel	VIII
XII	
IX	
VII	
VIII	
IX	
X	
XI	
XII	
I	
II	
III	
IV	
V	
VI	
VII	
VIII	
IX	
X	
XI	
XII	

FRAMLINGTON

GROWTH RATES

The average annual compound rate of growth in the price of units (on an offer-to-bid basis) of each of our capital growth funds between launch and 1st August 1986 was as follows:

Fund	Launched	Growth
Capital	Jan 69	+15.4% p.a.
International Growth	Oct 76	+26.1% p.a.
American & General	Apr 78	+20.0% p.a.
American Turnaround	Oct 79	+22.9% p.a.
Recovery	Apr 82	+25.6% p.a.
Japan & General	Feb 84	+25.7% p.a.
European	Feb 86	+37.3% p.a.

Every one of these Framlington funds has outperformed the FT All-Share Index, the Dow-Jones Industrial Average and the Standard and Poors Composite Index.

Each fund is fully described in the Framlington Unit Trust Guide 1986. For a free copy, send us this coupon:

To: Framlington Unit Management Limited, FREEPOST, London EC2B 2DL.

Please send me a copy of the Framlington Unit Trust Guide 1986.

Name:
Address:

FRAMLINGTON

Jeff... ..

MARKETS

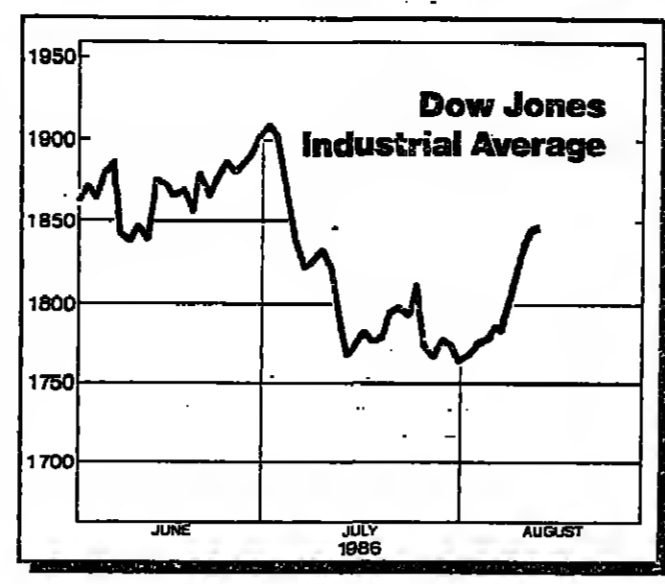
Sunny days return

SUDDENLY, it's summer again on Wall Street. After falling back sharply from the record high reached on July 2...

More importantly, investors were encouraged by the rally in the credit markets following the completion of the Treasury auctions...

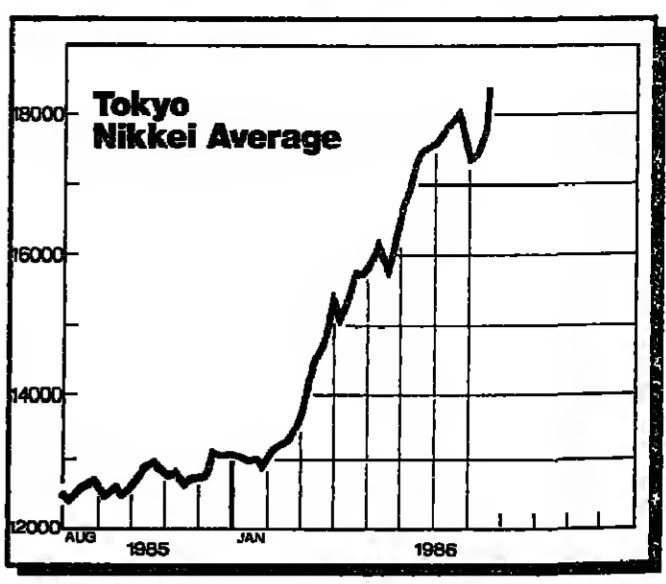
Wall Street

man of the Federal Reserve Board, and Karl Otto Pohl, head of the West German Bundesbank...



Waiting for the 'quake

EVERYONE but the stock market is on holiday in Japan. A phone call to any of the major companies will result in a recorded message...



Tokyo

Government's expected supplementary budget is not expected to cause fireworks... in extra spending is expected to boost GNP by just 0.2 per cent...

Investors seek haven in gold

"ENJOY YOUR week off?" asked the mole who, as usual, suddenly materialised behind my typewriter.

prices jump on the possibility that the companies may not be able to sell their product?" asked Moley.

of platinum group metals. "There's another angle to be considered, Moley."

when he raised his cane, it would be a case of 'this hurts me more than it does you' Moley, I said.

"Bright," agreed the mole. "There's concern about slowing economic growth, especially in the US."

the price could reach \$500 per ounce by the end of this year. Moley had scamped away to that bolt-hole of his behind my chair.

Other favourites at the moment are the financials, specifically the trust banks and securities houses...

Carla Rapoport

Week End Business

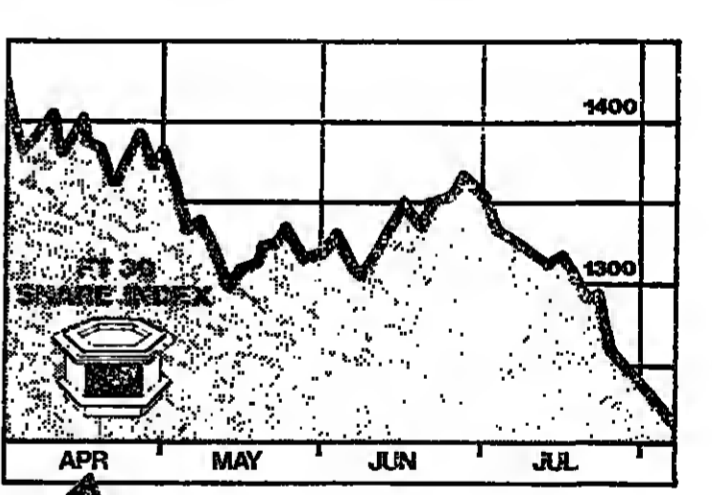
1 1/2% NET INTEREST PER ANNUM. STANDARD TERMS ACCOUNT £1,000 min £50,000 max. Under £10,000 11% p.a. net. Over £10,000 11 1/2% p.a. net.

Businesses For Sale

LOGCAP BLOODSTOCK INVESTMENTS. UNIQUE BLOODSTOCK INVESTMENTS OPPORTUNITY. Established Bloodstock Company with impressive profits record since commencement of activities in 1987...

ARKWRIGHT FUND IS HIGH ON EVERY UNIT TRUST LEAGUE TABLE EXCEPT ONE.

Arkwright Fund achieves high scores measured against every indicator except one. Despite its performance, it remains relatively unknown.



Are you on the horns of a dilemma?

Bull or bear market? A serious alternative to UK shares at the present time is the worldwide bond market.

SUN ALLIANCE WORLDWIDE BOND TRUST. To: Wendy Hirst, Sun Alliance Central Marketing Services, FREEPOST, Horsham, West Sussex RH12 1ZA.

Private Investor. With substantial funds seeks CONTROLLING INVESTMENT IN PUBLICLY QUOTED COMPANY.

WELL-BEING & HEALTH. A young, expanding publishing and mail order company with impressive people involved needs CAPITAL AND MARKETING DIRECTOR.

Business Services. Offshore & UK Companies. Incorporation and management in UK, Isle of Man, Channel Islands, etc.

COSTA BLANCA (ALICANTE) FOR SALE. BEACHSIDE LUXURY HOTEL. 6,000 sq ft land, on east side of the whitest sand for miles.

Businesses Wanted. Residential Mortgage Broker. Swiss Investment Company with London Office wishes to buy company based in London or South East...

MAJOR FIRM. Involved in insurance broking, life assurance, unit trust advisory services, pensions and benefit consultancy...

ARKWRIGHT FUND. THE ONLY THING THAT'S LOW ABOUT ARKWRIGHT IS ITS PROFILE.



Richard Tomkins counts down to the big issue

Say yes to TSB

POLITICAL controversy notwithstanding, the Trustee Savings Bank's £1bn flotation has now acquired such momentum that few seriously doubt it will take place next month.

Few doubt either that it is going to be a big success. Indeed, the fervour in some quarters is such that the offer for sale is beginning to look like an irritating formality to be gone through before investors take their profits and retire on the proceeds to Barbula.

But is the flotation's success really such a certainty?

In terms of response, the answer is almost certainly yes. This week, the TSB sent a frisson of excitement through the investment community by dropping another of the veils from its flotation plans and revealing measures aimed at putting the shares within reach of "millions" of investors.

Half the shares will be reserved for priority applications from customers and staff and the rest will be made specially attractive to small investors.

For example, minimum investment levels will be low, at £200 for priority applicants and £400 for the public. Payments will be due in two equal instalments, so some investors will be able to buy into the issue for as little as £100.

Free shares will be offered as perks to small investors.

Staff will get £150 worth free and there will be a one-for-10 loyalty bonus on holdings of £5,000 and under which are kept for the first three years.

The TSB also revealed this week that 12m preferential applicants and 500,000 members of the public had already registered for prospectuses. If these people alone applied for just their minimum shareholdings, nearly half the issue would be spoken for—and there is still another month to go before the flotation.

Level of subscription is one thing, though. The premium on first-day dealings is another.

In this respect, the TSB's ploy of putting the issue into the hands of small investors looks wily, however unintentionally so, for the effect will be to starve the institutions of shares and send them clamouring for these in the aftermarket, thus providing that all-important premium.

The catch is that while less sophisticated investors may be relatively insensitive to the more arcane measures of share values such as price/earnings multiples, to the institutions these statistics are vital, and if the institutions believe the shares are truly valued, they will simply keep their hands in their pockets.

Never mind the TSB's marketing skills, then. The crucial question remains the price at which the shares are offered.

One of the favourite reasons advanced for optimism on this score is that the Government will want to whet investors' appetites for Britain's biggest-ever stock market flotation—the privatisation of British Gas—in November.

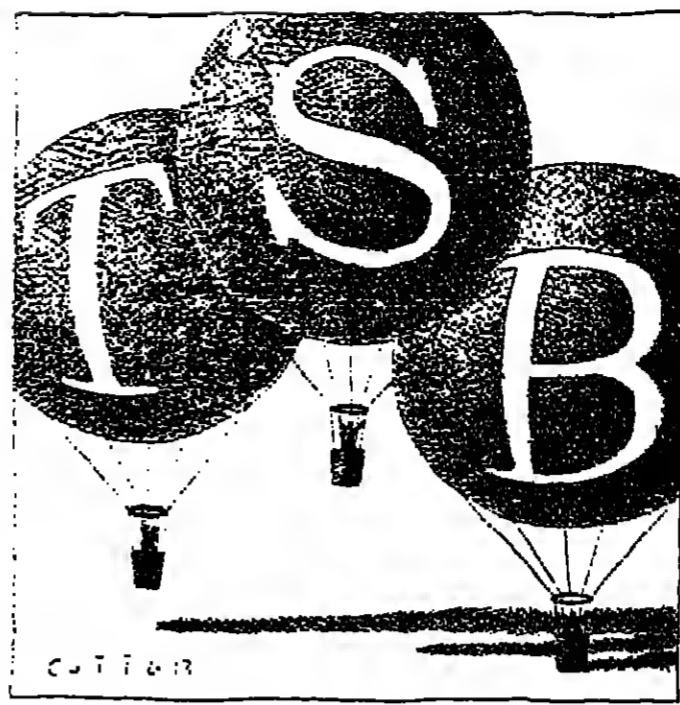
On the face of it, this argument looks a little tenuous. The Government, after all, insists that it does not own the TSB and it will receive none of the proceeds from the flotation, so it has no direct say in the pricing. Nevertheless, there are all kinds of subtle pressures that could probably be brought to bear if need be.

The chances are they will not be necessary, for there are at least two other good reasons why the TSB will want its shares priced attractively.

The first is that although the TSB has plans for putting the £1bn proceeds to effective use, it is hardly in desperate need of the funds—or certainly not to the point where a few million pounds either way will make any difference for the sake of getting a good response.

The second is that the TSB has grown by concentrating on providing banking services to the less well-off, and it has been axiomatic since the flotation was first proposed that such people should be represented among its shareholders.

The danger is that the less well-off tend to be inexperienced as investors and may well be



lured by the publicity surrounding the TSB flotation to break the golden rule of equity investment: never to invest more than you can afford to lose.

The TSB seems unlikely to want to go down in history as the bank that brought ruin to the needy, so there will be a powerful incentive for it to be absolutely sure that its offer for sale leaves participants better off.

There remain one or two points of concern over pricing. For example, the hypebole over the marketing and the general air of enthusiasm over the issue in the City should not be allowed to disguise the fact that at least one respected banking analyst has called the TSB

a dull little company with an uninspiring record.

Further, an outrageously high premium would bring howls of protest about the bank's assets being given away and could reflect badly on the TSB's judgment.

Armageddon, political crises and stock market crashes permitting, however, the TSB looks as sound a bet as you will ever find among new issues.

The biggest problem will be that with so many people chasing the shares, the vast majority will receive either none at all or so few that the profits on selling them might barely cover dealing costs. All things considered, Margate may yet prove more affordable than Barbula.

A plethora of home lenders

There are more than 200 sources of home loans. John Edwards writes that you should shop around widely

Already there is considerable resentment that some lenders offer special low rates to new borrowers while continuing to charge their existing borrowers high rates.

You have to consider hidden charges such as arrangement, valuation and early redemption fees. Cheaply insurance or mortgage protection policies can also have a valuable extra source of commission revenue to the lender. Commission earnings from endowment, pension or unit-linked mortgages is another important reason why so many lenders, with stretched profit margins, are trying to push borrowers into these schemes, even when a straight repayment mortgage method might be more suitable.

Another important factor to bear in mind is your view on the future course of interest rates. Do you believe they will continue to fall and for how long, or that the election of a Labour government would bring a sharp increase? Several fixed-rate mortgages for a year, three years, or even five years. They tend to be slightly more expensive, but at least you have the comfort of knowing exactly what your outlay will be. The Lloyds Bank offer of 9 per cent over three years was snapped up very quickly with £200m going in 10 days.

Fixed-rate mortgages of 10.25 per cent are being offered by several companies, including Citibank, Bank of Scotland, and through brokers like John Charcol and Fairchild's. The trick here is to find out whether there is a redemption fee if you want to pay off or change the loan.

Citibank offers a six-month penalty interest clause built into the five-year 10.25 per cent fixed-rate scheme. Fairchild's says that with its five-year fixed-rate loan there is no redemption fee if you sell the property concerned, but three months' notice is required for a remortgage. In addition you will be allowed a once only option to switch to a variable rate, without penalty, in the event of a sharp decline in interest rates.

An attractive alternative to a fixed-rate home loan is the so-called "cap" and "collar" scheme launched by Citibank in June. Loans are offered on a year loan, based on the bank's mortgage rate (10.75 per cent at present) but with the movement in the rate confined between a "cap" of 11 per cent and a "collar" of 8.5 per cent.

You will start to lose out only if the home loan rate drops below 8.5 per cent, but if this happens you can pull out after giving three months' notice. So you are protected by the "cap" and also able to benefit from any general reduction in the home loan rate. But you have to pay for this privilege with a sum equal to one month's gross interest, which can be added onto the amount borrowed.

John Charcol, marketing the scheme as the Belgravia mortgage, believes it to be the best of its kind, unlikely to be challenged at present since money market rates have moved up since Citibank arranged finance. The increase in money market rates has, temporarily at least, diminished the attraction of mortgages linked to the London Interbank Offered Rate (LIBOR) since they are currently not competitive. However, if you are linked to the movement in the market money rates, instead of a rate decided upon by the lender, the LIBOR schemes are worth considering.

With so many choices available in a buyers' market it makes good sense to shop around rather than simply go to your local building society or bank. To save time and energy, one obvious answer is to seek advice from a specialist mortgage or investment broker, but in theory should be able to view all the alternatives available.

But many brokers are linked to particular companies, either directly or indirectly through commission deals, so it is worth consulting several sources before making up your mind.

CONFUSION ABOUNDS in the mortgage market. The past week has seen BankAmerica deciding to restrict its home-loans lending by raising the minimum amount it is prepared to advance and scrapping the 100 per cent of value mortgages. There have also been reports of some major building societies having to delay, or impose quotas on mortgage applications.

At the same time efforts to promote and sell mortgages drawing on an apparently inexhaustible flow of funds continue unabated. The Mortgage Corporation, for example, stepped up its advertising campaign following a cut in its lending rate to a competitive level of 10.25 per cent aimed at boosting sluggish demand. Meanwhile all kinds of different organisations are offering various incentives to woo mortgage business from home-owners.

Each week new sources of mortgage funds, usually offered at competitive rates, are announced and choosing a mortgage now is a highly complicated business if you take the experts' advice to shop around for the deal that suits your needs best.

Although building societies promised to lend a record £4bn in mortgages to home buyers in June, and accounted for 86.7 per cent of the total UK mortgage market in the first quarter of the year, all the signs are that the building societies are under tremendous pressure from competitive lenders, led by the clearing banks but joined by an increasing number of other financial institutions.

Mortgage specialist brokers John Charcol reckons that in addition to the 160 or so building societies offering mortgages there are at least 60 other sources of home loans available. Faced with this range of choice, how do you set about finding the best mortgage for you?

The first step is to clarify exactly what you really want to achieve. As insurance brokers show, Law points out, there should be no difficulty in borrowing the money; the real question is the means of repayment. The purist approach is that you are seeking a long-term loan, offering your house as collateral. How you pay back the loan is really your business, since the lender is well protected with collateral that normally far exceeds the value of the loan.

Unfortunately most lenders, particularly building societies, do not view mortgages in that way and insist on additional security. At the same time mortgage rates are not strictly comparable in many cases since the way they are calculated can make a considerable difference. The most obvious example is that building societies calculate their nominal interest rates generally on an annual basis, while most of the banks and financial institutions use a daily or monthly reducing balance method.

The annual basis is more expensive since you pay interest on the whole amount outstanding at the beginning of the year, instead of a reducing amount throughout the year. It makes quite a difference.

The APR (annual percentage rate) introduced by the government was supposed to help provide the public with a true comparison, but unfortunately it has failed to do so, since the APR also varies with the length of the mortgage and with what charges are built in.

Basically the building society rates are uncompetitive with their rivals, but they have the advantage of an established track record in mortgage lending. There is still a strong feeling that when the situation changes, and money becomes less plentiful, newcomers to the market will pull out and penalise their existing borrowers with high rates.

John Edwards with a guide on how best to put your money into gold and platinum

GOLD and platinum prices have been surging ahead, as forecasted in the Weekend FT two weeks ago. But how does the private investor get in on the act?

The answer, to a large extent, depends on whether you are interested in a short-term "punt" and how much, if any, risk capital you have available.

The case for long-term investment in precious metals, as a protection against inflation, currency changes or collapse of the world monetary system, is obviously unaffected by short-term fluctuations, unless you believe that the recent upsurge means the markets are set to move to a permanently higher plateau.

There are several short-term alternatives you can choose between:

- Shares of mining companies producing the metals;
- Unit trusts investing in these shares or offshore funds buying the actual metals or futures;
- Coins, ingots, bars (or "paper" certificates);
- Futures or options;
- Betting, via IG Index or City Index, on price movements.

Share certificates are fungible assets that can be held for a longer period if the short-term gain fails to materialise.

The disadvantages are that one of the prime reasons for the rise in gold and platinum prices is that problems are expected to hit the main mining companies in South Africa. So while the metal price might be rising you could be investing in a company with problems.

Unit trusts and offshore funds are essentially long-term investments which depend on the quality of the fund management. Since you have to pay the higher offer price to acquire units you face an immediate loss that might take some time to recoup unless the market continues to rise strongly upwards.

Coins, bars and ingots present a problem for UK investors because they are subject to value added tax of 15 per cent—a distinct disincentive. There are legitimate ways round pay-

ing the tax using schemes whereby the coins or bars are bought on your behalf and stored overseas in such centres as the Channel Islands, Luxembourg and Switzerland.

It is important in these cases to have a valid certificate of ownership showing that the coins or bars have actually been purchased and stored under your name. So it is best to deal with reputable companies like Charterhouse and Standard Chartered in the case of gold, or Ayrton Metals and Johnson Matthey for platinum.

Alternatively Citibank have an international "certificate programme" under which you can decide how much you want to spend on gold or silver in your local currency (with a minimum equivalent of \$1,000). The bank collects all the orders received daily and makes a purchase at the going market rate, which is then divided up amongst the contributors. You receive a certificate stating how much you have been allocated.

You can either take delivery or leave it in storage at the point of purchase. There are no storage fees for the first year; thereafter 0.75 per cent of the value is charged. The bank takes 3 per cent commission for the purchase and a further 1 per cent if you decide to take delivery or sell.

The advantages of the scheme is that the spread between buy and sell prices is much narrower than if you dealt with a bullion broker. At the same time you can pay by credit card or cheque. Details are available from Citibank in New York at 212-559 6041.

The problem with "paper" purchases, however, is that they do not satisfy one basic reason for buying precious metals—being able to hold in your hands a tangible asset that can be readily traded virtually anywhere even in times of crisis.

If you don't mind paying the VAT, you can get a variety of gold coins ranging from Maple-leafs and Kruggerands from a wide network of sellers throughout the country, including most branches of the clearing banks and coin dealers, like Spinks.

IG Index, which is about to absorb the third member of the industry, Ladbroke Index, takes a far more structured approach. It offers a broader range of bets based not only on the bullion price but also on US gold futures and options contracts, and its spread is based more on formulas than on feel.

Its contracts are structured to be as similar as possible to actual trading on futures and options markets, with the difference that you deal at the price they quote, not the best price at which your broker can execute on a trading floor in New York.

IG Index even offers a service called controlled risk, which is akin to stop-loss orders on futures markets triggered automatically when the market reaches a given level.

The minimum bet on the bullion price is \$10 a point, and the minimum for gold futures and options bets is \$40 a point. For platinum futures bets, the minimum is \$20 a point. IG Index requires up-front money similar to margin payments on futures markets. This must be especially necessary for options, which can see violent price swings.

On Thursday, for example, City Index was quoting a spread of 384/387 when the actual price was at \$384 per ounce. The punter making an up bet would not start to show a profit until the price went over 387. Similarly, a down-better would not be in the money unless the price dipped below 384.

Many City Index customers are City people, such as commodity brokers wanting a tax-free punt on the side. City Index seeks credit references but requires no money down until the month is up, making for some

Heavily into metals

There is one kind of gold coin on which you do not have to pay VAT. That is UK sovereigns, which are over 100 years old and are classified as antiques. Spinks offer two varieties—Younghead Victorias with either St George and the dragon or the reverse side, or a Shield. Both weigh 7.98 grammes of 22 carats, with a gold content of nearly quarter of an ounce (0.25354 of a troy ounce). Shields, which date back to 1838 when they were legal tender, are slightly more expensive than St Georges (1871). But they are both more competitively priced than "new" sovereigns of less than 100 years old because there is no VAT on the purchase price.

Instead Spinks pays tax on its profit margin. The Noble platinum coin introduced in October 1985 is not as widely available as the gold coins, since it was launched after the imposition of VAT on coins. This reduced trading in coins to a minimum in Britain. But details can be obtained from Ayrton Metals, while Johnson Matthey have been actively promoting the sale of bars and ingots.

For the real short-term gambler there are the gold and platinum futures markets in New York. Comex for gold, and Nymex for platinum. To trade in futures you normally have to put up only 10 per cent deposit of the total sum involved—one lot (100 ounces) of Comex gold futures at \$400 an ounce would require an outlay of \$4,000 (10 per cent of the total cost of \$40,000) and on Nymex the minimum lots for platinum futures are 50 ounces each.

However, although margin trading of this kind brings tremendous "gearing" at the same time, it magnifies tenfold the risk involved as well as the reward. If the market starts moving in the wrong direction you might find yourself having

to pay out huge additional margins just to maintain the original 10 per cent deposit. You can put a "stop-loss" at a certain point, but if you put it too close you might find yourself wiped out almost right away in rollover trading conditions.

Another way of limiting the risk is to trade futures through options, where Comex offers the only viable market in gold options.

The value of the option tends to move even more sharply than the underlying futures market, so the potential rewards can be considerable for a relatively small outlay. Only your original premium is at risk and with traded options you can even recoup some of this if the market moves in the "wrong" direction. But while options may be much safer they also restrict the rewards—so effect you start with a loss (the premium paid) which you have to make up before you start making any profit.

Both futures and options trading are a dangerous game for the uninitiated and you should also check carefully the reputation of the futures broker handling your business.

High society drawbacks

BUILDING society chequebook accounts are not all they are cracked up to be—largely because of the restraints imposed upon them by law. That is the view of Building Society Choice, the monthly specialist publication.

Unlike most banks, societies pay interest on their current chequebook accounts. However, much of the interest you earn over the year could be wiped out by the charges most societies impose even if your account is in credit.

All the major banks recently stopped charging customers for their transactions as long as they stay in credit, but among the societies only the Abbey National's Cheque-Save and Birmingham and Midlands Mastercheque make no charges.

In its latest issue, Choice points out that society cheque accounts are still suffering from the restraints imposed upon them by law. The main drawback is that societies cannot give you a cheque guarantee card, nor can they extend overdrafts.

Until new legislation comes into force next year, the only way societies can get around this is by link-up with banks, which allows them to provide full banking facilities.

Two societies offer such accounts—the Alliance and Leicester with the Bank of Scotland, and the Birmingham and Midlands with the Trustee Savings Bank. Both operate in a similar way. You have a normal bank cheque account but most of your money stays in a society account where it earns interest. Whenever your bank account runs low, it is automatically topped up from your society.

However, as the accompanying table shows, in both cases you have to maintain fairly large balances on your bank account—on which you will not earn interest. Choice says that if, as a result, your balance in the society account was reduced to an average £100, you would make only £6 a year despite earning interest. With the Alliance and Leicester, you will also pay charges on your transactions unless you have enough in your society account to top up your Bank of Scotland account to £350.

BUILDING SOCIETY CHEQUE BOOK ACCOUNTS

	Min-imum investment	Charges	Standing orders	Direct debits	Cash-cards	Interest CAR
Abcye National Cheque-Save	100	Free if in credit; £1 a cheque if overdrawn, no charge for stopping a cheque	None	None	Link	4.55-7.90
Alliance and Leicester BankSave Plus	500	25p a debit for whole of month bank balance can be topped up to £350, £1 for stopping a cheque	2	Unlimited	Matrix from autumn	6.09-7.50
Birmingham Midlands Mastercheque	500	Free if in credit; 27p a debit, plus £2.75 charge, plus interest charge for whole of quarter account overdrawn no set charge for stopping cheque	Unlimited	Unlimited	None	7.50-8.20
Chelsea Capital Shares	1,000	Free for first 50 cheques a year, then 50p a cheque, 75p a cheque if overdrawn, 75p for stopping a cheque	None	None	Link	6.00-7.50
Peterborough Cash Counter	100	Free if balance above £250, £1 a cheque below £250, 25 a cheque if overdrawn, £2 for stopping a cheque	10	None	Link	4.30-7.04
Town and Country Moneywise	250	Free if balance above £250, 50p a cheque below £250, 75p a cheque if overdrawn, 75p for stopping a cheque	5	None	Link	4.00-6.00

Source: Building Society Choice.

Margaret Hughes

Gamble on gold

NOTHING brings punters out of the woodwork more than a good old-fashioned surge in the price of gold. If you would rather just have a tax-free flutter than sink your money into the real thing, there are specialised bookmakers who fit the bill.

The most buccaneering among them is City Index, which offers the simple chance to bet on the gold bullion price in a month's time—although you can take your profits or cut your losses before the month is up. You bet on the direction—up or down—and your gains or losses depend on the extent to which the price rises or falls.

The minimum bet is £10 a "point," and each point is a movement of one dollar in the gold price. The bookmaker's secret is that the reference point is not the actual gold price at the time of making the bet but the level of the bookmaker's three-point "spread."

On Thursday, for example, City Index was quoting a spread of 384/387 when the actual price was at \$384 per ounce. The punter making an up bet would not start to show a profit until the price went over 387. Similarly, a down-better would not be in the money unless the price dipped below 384.

Many City Index customers are City people, such as commodity brokers wanting a tax-free punt on the side. City Index seeks credit references but requires no money down until the month is up, making for some

naïve punters. Christopher Hales, one of its founders, says the company rarely hedges its own exposure. "I take the view that the whole of life is six parts right against, and don't hedge."

IG Index, which is about to absorb the third member of the industry, Ladbroke Index, takes a far more structured approach. It offers a broader range of bets based not only on the bullion price but also on US gold futures and options contracts, and its spread is based more on formulas than on feel.

Its contracts are structured to be as similar as possible to actual trading on futures and options markets, with the difference that you deal at the price they quote, not the best price at which your broker can execute on a trading floor in New York.

IG Index even offers a service called controlled risk, which is akin to stop-loss orders on futures markets triggered automatically when the market reaches a given level.

The minimum bet on the bullion price is \$10 a point, and the minimum for gold futures and options bets is \$40 a point. For platinum futures bets, the minimum is \$20 a point. IG Index requires up-front money similar to margin payments on futures markets. This must be especially necessary for options, which can see violent price swings.

Alex Nicoll

Cheques check

ANYTHING YOU can do to reduce danger of theft or fraud these days is to be welcomed. A crossed cheque gives some protection against a thief, because the two parallel lines instruct the bank not to cash it, but the significance of adding the words "not negotiable" is always appreciated. Without these words, your cheque could become liable if the cheque is stolen.

Naturally, you will instruct your bank to stop payment of a cheque immediately you realise that it has gone astray, but there is a chance that an unauthorised holder will have already forged an endorsement and persuaded an innocent party to accept it. Endorsed, it can be paid into a bank account. However, when it arrives at your bank for payment it will be returned marked "orders not to pay" and the account of the innocent party debited.

Although his redress is firstly against the forger it is unlikely that he will be able to trace him. If he left no address it will be a false one. The claim is therefore against you. Most companies now cross their cheques in this way and

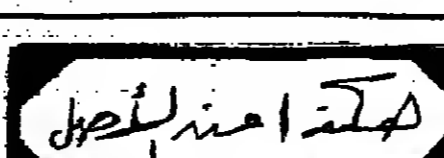
request you to do so when paying their accounts or subscribing for shares. There is no harm in making a general use of these words. The cheque is still transferable, but in legal terms a person taking it "shall not have, and shall not be capable of giving, a better title to it than that which the person from whom he took it had."

Sometimes you are asked to add the words "account payee" or "account John Bull and Co." This gives further protection because if the bank accepts the cheque for an account other than that stated and conversion has occurred it could be held liable for negligence.

The words "and Co" often associated with a crossing arose years ago when the usual practice to write the words as part of the title of a firm or bank leaving the payee to insert the remainder of the name. By themselves the words are meaningless.

The payee or holder of a cheque is entitled to cross it "not negotiable" if the drawer has not already done so, but he cannot cancel a crossing.

Harold Baldwin



FINANCE & THE FAMILY

Widow's labyrinth

My earnings are taxed under Schedule D case II. Until my husband's death in December 1984, we were taxed together. For tax assessment 1984/85, my earnings for 1983/84 (preceding year basis) were apportioned into periods April-December 1984 and December 1984-April 1985. I have now received Schedule D assessment for 1985/86. This is based only on the amount I earned after my husband's death till April 1985 and ignores earnings for the period April-December 1984 which I declared on the return I filed in as my husband's executor. I have not been able to ascertain the legal position.

Assuming that the tax office has made a mistake and should have demanded more tax, can I ask it to treat the period April-December 1984 as last year of self-employment, and December 1984-April 1985 as first year of new self-employment? Then my tax liability would be April-December 1984: tax on actual amount earned in that period December 1984-April

1985: tax on actual amount earned in that period 1985/86: tax on amount earned in the period December 1984-April 1985. Such treatment would be of a considerable advantage to me.

If you were in partnership with your husband, then his death would trigger the cessation rules of case II. If not, then possibly concession A20 may help you: ask your tax office for the free booklet of 'extra-statutory concessions, IRI (1985)'.
Whatever the fact, it certainly looks as though your tax inspector has got lost in the labyrinthine rules of schedule D case II. It is to be hoped that those MPs who approved the 265-page Finance Act this year will spend part of their long recess studying it, to see whether any of its provisions might be simplified, for the benefit of the taxpayer and tax inspector alike. Tax officers are human, and the majority of them appear to find the tax laws of recent years as baffling as many of the brightest taxpayers do. Perhaps some MPs forget

that their innate skill in interpreting intricate formulae is not shared by many of their constituents who work in tax offices.

A tip for the taxman

I have a field of five acres running down to a river which is tidal so the field gets flooded, to obviate which I am offering the field as a tip for hard rubbish, earth etc to raise its level.

When finished raising I must buy top soil to make it arable again. Or I could go to the cost of stripping top soil off before tipping on the field, storing it for some years maybe as the filling is a slow job and then re-spread my own top soil. Either way quite costly operation, but I could sell the top soil before tipping and use the money plus an obvious extra sum to pay for back and spread it.



BRIEFCASE

As this seems a capital operation...

I have to declare money received for my top soil? If I do I guess I could claim against it the cost of buying it back as it were... an obvious loss but years later.

Anxious to obtain the material for tipping I allow most tipping free but occasionally charge the larger builder if tipping substantial amounts of the less desirable builder's rubbish. As a capital venture of my own I guess this has to be declared?

I am told that as this is a capital venture, not one of hoarding and selling the land or a permanent business I can pocket any gains and just suffer any losses happy in the fact that my land has now been raised out of the tide. If I sold the top soil for example it is really a sale of capital item. I suppose but even so spread over the years I guess the net results of costs and income probably are an overall loss financially but even if a gain

well within the annual allowances for capital gains if spread over the years.

We take it that you are not a farmer. That being so, the likely answers are (a) yes, (b), no and (c) yes; that is to say the receipts are in the nature of income, but the later expenditure is of a capital nature.

Two-acre problem

My wife and I have purchased some land near in our sole residence. It is, however, by no means adjacent.

The land is adjacent to, but outside the local authority housing framework boundary. Nevertheless, about two acres of the total area has road frontage and may in the fullness of time be considered appropriate for development. Based on current acceptable densities, such an area would be developed to provide about 15 dwellings.

Could you please advise on any steps it would be appropriate to take at this stage to maximise an eventual gain and minimise any liability to CGT. Is there any danger that the Revenue would treat this in the nature of trade and thus endeavour to

tax the gain to income tax? What steps can be taken, therefore, to underwrite that this is a capital investment?

You are vulnerable to assessment to income tax under section 489 of the Income and Corporation Taxes Act 1970. As subsection 2 says, "This section applies wherever... land... is acquired with the... main object of realising a gain from disposing of the land... and any gain of a capital nature is obtained from the disposal of the land... and this subsection applies whether any... person obtains the gain for himself or for any other person."

The amount of tax at stake surely justifies the expense of seeking local professional guidance through the tax minefield: the solicitor who acted for you in the purchase will be able either to help you or to recommend a suitable local firm.

Just oil and water

At an auction recently my wife secured a watercolour for £175. On examining it afterwards she found that it was backed by an oil painting which has been valued at £5,000/£4,000.

She is worried that she may be under an obligation to return this painting to the estate of a woman who died intestate, her effects being sold at this auction.

If the property was sold "as viewed" your wife is under no obligation in law to return it. There is clearly a moral obligation to advise the seller, since she may have a remedy against the auctioneer.

Left at the gable end

Last November I contacted a roofing firm to replace a fascia board at my gable end. On inspection they agreed to do the job, and I received their quotation for the work to be done at the end of November. This was not carried out and, after a number of phone calls, a visit was also made. Two men arrived in January with the board in question, plus eight metal trusses, and three thick boards as a platform. They then left for another job, the work being discontinued.

After five months, with phone calls not being of any material benefit, I would now be obliged if you can give me guidance as to what my modus operandi

should be under the circumstances. What can I do about the board which I painted and saved then the work was done? I am sure about the trusses and platform, which has the appearance of having been dumped?

Is this not a case of breach of contract? On the other hand, I have no proof that they intend to do the job at all.

There is clearly a breach of contract. Your only course seems to be to procure someone else to fix the board for you. Should the job cost more than the estimate you were given in November you have a claim for the excess cost against the firm with which you contracted — but it seems clear that this would be worthless. As the job now required to be done however is fixing only, you may avoid making a greater outlay than you had envisaged in November. You should advise the firm to remove its trusses failing which you will dispose of them to defray storage costs to date; and allow a reasonable time before you do so.

Understanding Reports and Accounts

Jane Allan continues her analysis of Marks and Spencer's 1986 annual report

READING THE balance sheet in the 1986 Marks and Spencer annual report and accounts not only answers some of the questions raised in the chairman's statement, but also provides points to look for in the 1987 accounts.

It is the consolidated balance sheet you need to read, however in the case of Marks and Spencer the holding company balance sheet is also interesting. Unlike many quoted companies who's holding company merely exists as the vehicle of ownership for the group, the holding company of Marks and Spencer is the main trading arm in the UK.

The balance sheet is divided into two halves; where the financing has been placed and where it has been used. Taking the bottom half of the balance sheet first you find that the total capital employed in Marks and Spencer of £14,629m has been raised either directly from shareholders or out of past trading by the company. Called up share capital amounts to £662.7m and the reserves to £793.7m. The reserves are substantially made up of profit earned in earlier years and ploughed back into the company.

Although the policy of providing only two times dividend cover has resulted in a higher proportion of profit paid out to shareholders than other companies might be prepared to fund, reserves have still built up to a substantial level.

Reserves of £89m have arisen from the revaluation of fixed assets. This refers us back to the note in the accounting policies which advised us that the company had modified its interpretation of the application of the historic cost basis to include the revaluation of certain properties. Once revalued those properties are stated in the balance sheet at the higher or lower figure. The difference between the revalued property and its original cost price (or earlier valuation) is taken to a special reserve called the revaluation reserve. These profits on revaluation have not as such been realised and indeed may never be so unless the company decides to sell off some of the previously revalued properties. Reserves of £5.8m are shown in a special reserve called the share premium account. This takes account of the premium paid for shares issued by the company at more than their face

Look forward to 1987

or nominal value. One of the few reserves controlled by company law, it cannot be used to pay dividends, but is often used to pay for unissued shares which are later issued as scrip issues. Marks and Spencer made just such a scrip issue in July 1984.

The amount stated as total capital employed, and required to be stated as such by company law, is not the final figure for capital employed in Marks and Spencer. The chairman in his statement spoke of borrowings and you already know from earlier consideration of the source and application of funds statement that the company has loans and overdrafts. These also need to be considered as part of the funding of the company for purposes of analysing the contribution the company is generating from its capital employed.

The amounts concerned are listed in two places on the balance sheet; under creditors falling due within one year and under creditors falling due after more than one year. In both instances the notes need to be read to make sure that only the real loan element is treated as capital employed in Marks and Spencer.

Creditors falling due within one year shows bank loans and overdrafts of £35.6m, the other £46m of current creditors are all trading items of one sort or another and not treated as borrowing. Creditors falling due after one year shows £48.1m of debentures and bank and other loans. Thus the total borrowed capital in Marks and Spencer amounts to £83.7m, making total capital employed plus borrowed capital of £13,546.6m.

That capital employed has generated trading profits (profit before interest charges and tax) of £376.9m which gives a return on capital employed of 2.4 per cent (£376.9/£15,446.6 x 100), compared with last year's return of 2.5 per cent. Marks and Spencer are certainly getting more for their money.

In some companies it may be significant to work out the return on capital employed in trading as opposed to the capital employed. The capital which is invested outside the company is not employed in trading and as such is not under the control of the board of directors. To include these figures may distort the calculation. A very unprofitable company may be boosting its return on capital employed by investing substantial sums in other companies. Marks and Spencer has £73.7m invested outside the group in government securities and certificates of tax deposit. Those investments give a return of £9.5m.



LORD RAYNER Chairman of M and S

Thus a return on capital employed in trading would give a figure of 2.5 per cent (£376.9/£15,446.6 x 100).

Perhaps more useful still is the calculation that shows the amount of turnover generated per £1 of capital employed. Turnover of £3,734.8m has been generated by capital employed in trading of £1,468.9m, which shows that £2.54 of turnover has been generated by every £1 employed in trading, compared with last year's figures of £2.34. A rising ratio indicates an improvement in performance.

One other piece of information is now at your fingertips, the gearing ratio of Marks and Spencer. This can be expressed either as a debt equity ratio, or as the percentage of capital employed represented by borrowings. The debt equity ratio is £83.7m:£1,468.9m or 1:18. The percentage of capital employed represented by borrowings is 5.3 per cent.

Looked at either way Marks and Spencer is a lowly geared company, and as such will face no problems in funding the proposed high future capital expenditure and borrowing to meet its commitments in the next two years as detailed in the chairman's statement.

Turning to the top half of the balance sheet we find that £1,461.9m of the capital employed in Marks and Spencer is tied in fixed assets, substantially in land and buildings. A further £510.5m is tied up in current assets of which £253.3m is in stocks and £81m in debtors. The debtors for the charge card are shown in the net financial assets and amount to

£184.45m. Trade creditors amount to £107.5m with total creditors due within one year of £481.7m in the retail section and £145m in the financial services.

Thus Marks and Spencer has total assets of £510.5m in the retail sector and £191.3m in the financial activities making total assets of £701.8m. Liabilities of £481.7m in the retail sector and £145m in the financial activities make total liabilities of £626.7m, giving a ratio of 1.2 (assets:liabilities).

Taking the stock out of the calculation on the grounds that stocks take time to turn into cash the quick ratio shows 0.74. This is not a dramatic problem, but rather the norm for a company that is trading successfully. It indicates that there is confidence a market for its stocks in forthcoming years.

The source and application of funds statement shows us that Marks and Spencer began the year with £101.1m cash and short-term funds. Trading has generated funds of £24m (profit before tax plus the depreciation) because that has not resulted in outward cash flow, plus the proceeds from sales of fixed assets). Selling shares has generated further funds of £6.9m. Nearly £163m has been spent on fixed assets and a further £215.7m has been spent in taxes, dividends and other miscellaneous expenditure, leaving a further investment in working capital of £16.7m. Not all of that £16.7m invested in working capital has been raised out of the sources of funds: £34.6m has come as a result of higher creditors, possibly as a result of slower payment.

At the end of the year however, Marks and Spencer has turned £101.1m into £136.7m in cash and short term funds. The amount waiting to be invested in both the capital commitments for the next two years and the increased working capital needed to enhance turnover.

Finally the notes to the accounts give us details of capital commitments of £400.8m and contingent liabilities of £126.9m. The contingent liabilities are very unlikely to become liabilities; they are mere notes to the accounts indicating for example, that if guarantees Marks and Spencer had given on behalf of third parties were all called in £9.3m would be payable and that £117.4m of deferred taxation has not been provided for.

All in all a good set of accounts. They certainly are investing in progress, and with all their own work too. We are left with the following questions for 1987 though:

- When will it become necessary to borrow and how will that affect the gearing of Marks and Spencer?
- Will the upturn in turnover continue and can it be improved further?
- Will the new developments on the charge card referred to in the chairman's statement lead to tighter controls and hence profit in the financial services sector?

Protecting outside interests

Your garden gnomes may be as much at risk as the family silver, warns Eric Short

OVER THE past few years, insurance companies have been redesigning their household contracts or both buildings and contents to make the cover more comprehensive. There is now little reason to worry about the financial consequences if your roof blows off or thieves take the family silver.

However, many companies do not appear to have looked into a householder's insurance needs outside the actual home—in his garden, on the driveway and fences. A recent report from the consumer magazine Which? reinforced by our own straw poll of leading insurance companies, shows a wide disparity in cover provided in such cases.

This oversight seems unexplainable given the rising cost of gardening these days. The smallest petrol-driven lawn mower will cost well over £200 while ride-on mowers may well be more than £1,000.

Most house insurance contracts include outbuildings such as greenhouses, garden sheds and conservatories in the cover as these are usually regarded as part of the main buildings even though, for the most part, they are physically separate.

This cover includes the more "permanent" of the contents of these buildings—the mower, ladders, garden tools and so on although it would be advisable to tell the insurance company of any particularly valuable items.

However, theft cover would be provided under many policies only if there was forcible and violent entry. Many householders do not bother to lock their sheds, either through laziness, thoughtlessness or because the door post is so rotten that the lock would not keep out a cat, let alone a determined thief.

In order to claim on your insurance policy, you must at least keep the shed locked at night. This applies particularly to greenhouses even though it can be inconvenient to continually lock and unlock the door. So, do not keep valuable tools in the greenhouse.

It is a different story if the tools are outside in the garden and they are stolen or damaged by weather. Cover here is either

non-existent or limited to a maximum of around £100 although one leading insurer is prepared to meet claims for as much as £500 overall on items left in the open but still on the premises).

The position if the items are off the premises is very unclear, so do not leave the trimmer unattended on the pavement when doing the outside of your hedge. At least one leading company would regard this event as being covered under the insurance.

Plants in the greenhouse may be covered under normal contents insurance against theft or storm damage but not against failure in the heating system—a feature of some importance for the person whose hobby is

growing exotic blooms. However once outside, cover ceases for damage or theft to any type of plant—and some rare trees can be expensive to replace. Companies do have special policies for market gardeners, though.

Garden ornaments, such as concrete gnomes, are not covered against theft or storm damage, but usually against vandalism and malicious damage. Yet, a walk around most garden centres will soon reveal that ornaments like stately or pots can be very expensive.

Swimming pools are usually treated as part of the main house buildings but garden pools are rarely mentioned, even though these could be stocked with costly fish.

Finally, there is the contentious subject of cover for gates, fences and walls surrounding a garden. Practise among insurers varies considerably, particularly for storm damage, frost and snow damage, and subsidence.

Some insurance contracts will cover these perils, but others decline on the ground that householders tend not to maintain the gates, fences and walls as they do the main house buildings. The companies claim that fences and walls are usually in such a dilapidated condition that a puff of wind will blow them down.

Walls, fences and gates are covered against theft, though, which is not as ridiculous as it might sound. These days, robbers are taking anything that can be moved and the cost of fence panelling makes such burglaries worth while.



When trust isn't enough

Alan Kelly tells how investors can assess a fund manager's skill

HOW IMPORTANT is a unit trust manager to the private investor? With the large majority of fund managers having virtually a free hand in picking stocks, subject only to the overall policy of the management company, the importance of the unit trust manager cannot be overstated. Because decisions these days have to be made without delay, gone are the days for most unit trusts when investment management was made by "committee."

So how can you form a considered opinion as to which managers offer above-average expertise? Probably the most relevant test is to see the results produced in the past. Many publications provide regular statistics showing how the unit trusts have performed over periods ranging from a month to ten years.

But as many investors have experienced to their cost, a satisfactory past performance does not guarantee that a fund will necessarily do well in the future. Results should be considered over a reasonable period, say three years. It is important to remember that if there has been a change in the fund manager, the new manager will not be solely responsible for those results.

When you look at the past performance of a unit trust, the results should be compared with similar funds and also with relevant indices. The statistics shown in the press are often divided into geographical and industrial sectors so that comparisons can be made. The monthly magazine, Money Management, uses the same classification as that operated by the Unit Trust Association.

Apart from the results of a particular unit trust itself, it is preferable for the parent management company to have a good all-round performance record. This will often demonstrate the resources of the manager and the "back-up" facilities available to the manager.

In addition to looking at the best performance of a unit trust, you can gain an extra

insight by reading appropriate publications, the financial press and literature produced by the management company itself, especially the half-yearly unit trust managers' report.

From this information, you can often find out the investment philosophy of the fund manager in such matters as to whether he runs a concentrated portfolio or prefers the unit trust to have a larger number of stocks; whether he is an active dealer or makes relatively

their mailing lists.

Probably the best means of assessing the expertise of a unit trust manager is to meet him and discuss the way he runs his fund. But, since the primary function of any fund manager is investment, his time for such meetings is strictly limited with the result that they normally are confined to a relatively few advisers giving them a head start in making a judgment.

Some of the qualities which I look for in a fund manager are his commitment to produce top results, his enthusiasm and whether he is decisive and clear thinking. The manager's experience is also extremely important particularly with a specialist fund. For example, only rela-

tively few managers have had wide experience of investing in Europe.

At meetings with fund managers finding out the means by which they obtain their information is important and whether there is adequate cover when they are on holiday. Do they spend an excessive amount of time on non-investment matters such as marketing?

If they do decide to have a professional adviser, great care should be taken in the actual choice. Frequently, the best way of reaching a decision will be by recommendation followed by a discussion with the adviser to find out the way he operates and the approach he uses in the selection of unit trusts.

Alan Kelly is author of the book "Financial Planning for the Individual," published by Financial Times Business Information.



Don't step out of the covenant

Donald Eskin looks at the problems of a favourite way of saving tax

FOR THOSE in the know, Deeds of Covenant have been a favourite means of saving tax for many years, but their current popularity is a relatively new phenomenon. Furthermore, for the time being at any rate, they look set to avoid the attentions both of a judiciary determined to curb tax avoidance and a Treasury which counts the cost of every tax relief. Indeed, the authorities actually seem to be encouraging their use, as witness the Student Tax Information Pack which is, fundamentally, a do-it-yourself Deed of Covenant kit.

Covenants are certainly a highly efficient means of making regular gifts, a payment by you of £1,835 a year to your 18-year-old student son being increased by the tax refund which he can claim to £2,395 a year.

But increasing familiarity should not be allowed to

obscure the fact that the law defining Deeds of Covenant is complex and demands respect. If you step outside the rules, the Inland Revenue will certainly pounce.

The sums covenanted must actually be paid and you must be ready to provide evidence of the fact. A statement that your student son receives an equivalent benefit in the form of bed and board during the vacations will not be received with favour.

Undoubtedly, though, the principal requirement of a Deed if it is to achieve the sought-for tax benefits is that it must be for a period capable of exceeding six years (three years for charity Deeds). But the fact that the payments might actually cease sooner than that because the covenantor dies, or because the parties so agree, will not contravene the rule.

What you and your advisers must keep firmly in mind is that it is the period between the due date of the first payment (which must not be before the Deed is executed) and the last payment which must be capable of exceeding six years, regardless of the period which the Deed is said to cover.

Consider the following example. A Deed of Covenant which recites that it is for a period of seven years from April 6, 1986 is executed on May 1, 1986, the first payment being due immediately and subsequent payments on April 6 each year.

Seven years from April 6 1986 is April 6 1993, so the last payment will be April 6 1992 (being the last April 6 in this period). Consequently, less than six years will elapse between the first (May 1 1986) and last (April 6 1992) payments and the claim for tax relief will fail.

Furthermore, various court cases around 1940 established the rule that the series of payments must have a constant element binding them together in a sequence, the whole exceeding six years. There is evidence that the Revenue are taking the view that the common device of covenanting to children an amount increasing in line with the single person's tax allowance, falls foul of this rule. Only the lowest amount, it is claimed, represents a payment capable of exceeding six years and as the excess amounts do

not do so, no tax relief is due in respect of them.

Certain UK non-residents with taxable income in Britain (Crown Servants whose salaries remain fully taxable are a good example) look to be well placed to achieve very substantial benefits by means of Deeds of Covenant. For one thing, wives often remain UK residents, so another non-resident may have the distinction of being entitled to tax benefits in respect of Covenants in favour of their own minor unmarried children.

Thus the way is open for the non-resident who is entitled to no tax relief in respect of UK income to his wife and children who have, but the Revenue do not see it that way, the view being taken that, prima facie, payments under a Deed made by a non-resident are a charge on his overseas income and are, therefore, not available for British tax relief. Even if this difficulty is overcome, relief may still be refused on the ground that the payments are merely in furtherance of the husband's legal responsibility to his wife and children. Nevertheless, opportunities to benefit from this situation remain.

London up and down

ROLLERCOASTERS slow as they climb the last few yards before a sickening rush downwards. Price rises in the central areas of London—where the supply of top-of-the-market flats is growing for the first time in years thanks to the efforts of a new generation of specialist residential developers—are also slowing. So are we about to see the long forecast price slide.

The evidence points to a very clear "yes, and no." "Yes" in the exotic inner London residential investment market. "No" if you discount some of the unrealistic asking prices attached to quite a few properties on the market at the moment—for the rest of the capital's more stable owner-occupied stock.

The evidence is largely anecdotal, since one has to forget house price surveys. In central London there are no reliable statistics on residential property value movements sensitive enough to pick up anything finer than a broad trend up or down. Of the national house price surveys, only that produced by Mr Christopher Gilchrist and his team at the Halifax Building Society works on anything like the spread and weighting of property types needed to be regarded as a reliable guide to price trends in the recent past.

The Royal Institution of Chartered Surveyors' house price survey is a useful guide to agents' views of prices nationally, and the Institute of Surveyors' Valuers' and Auctioneers' price index tracks a sound, but limited selection of average house prices across the country. They are all interesting, all useful as a rough guide to the state of the market nationally, but quite useless when it comes to the international core of flats and houses in London. That's a distinctive market on its own.

As Victoria Mitchell of Savills says, at the firm's Sloane Street office: "The majority of people we see are not going to live in the properties they buy." They are buyers who, over the past few years, have come to treat the growing stock of high quality rentable flats and houses in Mayfair and Knightsbridge, in Kensington and Chelsea, as an investment. And like any investment that relies more on capital growth rather than coupon to justify its place in a portfolio, it has to be seen as trading stock.

An average 5 per cent return on rental income is not had, but neither is it especially impressive against international alternatives, particularly as Bri-

tain starts to move into a pre-election period of uncertainty. Pre-election jitters make the sterling value of the return, and of the property holding itself, look increasingly risky.

Strong capital appreciation for that risk and low basic coupon. But minimal, zero, or negative appreciation—or even the prospect of such a switch in London property's fortunes—would set the "sell" signals flashing. They are flashing now and the signs are that the smart traders are beginning to unload.

Prices won't reflect that for a time. Professional investors start cashing in their profits while the amateurs are still pouring into the market. The sums up the central London investment—held flat market before the summer hiatus.

Long-term holders are a different matter. Properties in and around the core areas of central London that are homes first and by incidentally an investment have been tempted into the investment market—further increasing the supply—as owners try their luck with optimistic asking prices. But if prices do emerge from a period of summer hesitation and start to show signs of declining, those owner-occupied properties will simply be taken off the market. Not so the several hundred £200,000-plus new and newly converted flats coming up for sale this autumn.

The acquisition, financing, and construction timescale of a residential conversion is such

that a lot of high quality refurbished flats, started when prices were showing 30 to 40 per cent increases in central areas, are due on to the London market in the next few months.

A disproportionately large number of those schemes have been designed and priced for sale to investors who wish to hold them for rent and capital growth. But as the sharper traders are moving on, these new-built blocks increase supply just as demand is shifting elsewhere. So they represent another warning sign for prices.

That leaves the question of where, if anywhere, the more fleet-footed traders are looking for their next turn in the residential market. And at least one of the answers lies under wraps at P & O.

The shipping business within Mr Jeffrey Sterling's group owns the King's Reach site in Chelsea, just north of World's End. Potentially one of the biggest and best residential development sites in the west end, it would take a stunningly incompetent design to fail to draw in buyers.

Like the riverside warehouse schemes in Docklands (where traders have helped to bankroll developers by buying at a discount off the plans and selling at a profit on the back of the marketing drive on completion), when P & O's 1,000-plus house development is unveiled in September it looks certain to attract a queue of off-the-plan buyers.



Even after a price cut from £250,000 to £235,000, a second-floor maisonette flat at 79 Northgate, Prince Albert Road, London NW8, (above) shows just how much it costs these days to find a home with views across Regent's Park. Knight Frank & Rutley (01-624 8171) is selling the large, high-ceilinged, four-bedroom flat on an 83-year lease.

Doldrums in Dublin

MR PETER SUTHERLAND, the Irish EEC Commissioner, sold his two-storey house in Blackpool, South Dublin, at auction recently for £132,000 (£124,500).

To anyone looking for a good-sized family home in London, what the buyer got for his money was impressive, or depressing, depending on how you look at it.

Built in 1852, it has five bedrooms, four reception rooms and full modern amenities. Although strictly speaking a terraced house, it is flanked by single-storey wings which give it the appearance of detachment and it has one-third of an acre of gardens. All this in a popular area within three miles of the city centre.

For that sort of price that kind of very attractive, spacious house is by no means unusual in Dublin. In fact, although top prices for the most exclusive properties currently range up to about £400,000, there is not much in the Dublin market at present at more than £150,000.

If your price range is in the £250,000 to £300,000 bracket, there is still a good variety of well-located houses available, covering modern suburban hangars, period terraced houses and later semi-detached properties.

Mr Hugh Hamilton, of estate agent Hamilton and Hamilton, gave the following example of market trends. In the 1960s, his company sold a Georgian mansion on 24 acres in Carrickmines, just outside Dublin, for £50,000. In the mid-1970s it was resold with just 16 acres for £150,000. In 1983, it went for £325,000 and Mr Hamilton estimated it was still worth about that today.

"Ten years ago there was not much of a difference in the middle range between Dublin and London," said Mr Alan Cooke, president of the Irish Auctioneers and Valuers Institute, the country's main organisation of property dealers. "Now we are much more in the doldrums because of the economic problems. The country is in hock and that has affected confidence in the property market."

Dublin house prices stopped in 1981—as did new building—after a two-stage boom in the early and late 1970s. Exact figures are not available, but estate agents reckon lower priced properties declined in value by as much as 25 per cent. At the upper end, prices limped upwards, but not in line with inflation.

The stamp has been long, but estate agents are now more con-

fidant of an upturn than they have been for some time. They say higher priced houses have already begun to go in value.

The mortgage rate has fallen to 9.5 per cent. Favourable external conditions an inflation below 5 per cent have raised the economic beat, with hopes for a rise in disposal income. Incentives such as home improvement grants and mortgage tax relief are also more attractive than before.

Looking ahead, there are expectations that Ireland's draconian personal tax regime may be relaxed, especially with an election due in the next year, and some even cast an eye at the British political scene. "Whenever Labour gets in the UK it always improves the market here," said one auctioneer. "There is at least one sign that

Pushing over the £150,000 mark are Victorian and Edwardian semi-detached and terraced houses slightly closer to town, around Herbert Park in streets such as Wellington Road, Pembroke Park and Clyde Road. Newer townhouses, news and apartments can be found in these areas at much lower prices.

The famous tall Georgian terraces and squares around Merrion Square and St Stephen's Green in the city centre, which date from 1790 to 1830, are now almost all converted to office use, but anyone fancying reconverting one of these houses would get it some time now. The decline in commercial property values has been such that Georgian houses worth £400,000 a few years ago can sell for as little as half that today.

Elsewhere on the south side, the most popular areas are down the coast following the line of the "Dart" (Dublin Area Rapid Transport) railway, under the stand of the Lansdowne Road International rugby ground, through Sandymount, Monkstown and Blackrock to the port of Dun Laoghaire and beyond.

House buying in Ireland is frequently done through auction or estate agents' premises, especially for upper-market properties where heavy interest is expected. A bidder must arrange finance in advance and the highest bidder has no legal escape from purchase once the hammer has fallen. A deposit, usually of 10 per cent, is due on the auction day and the deal must be closed within six weeks.

Selling costs include, in Dublin, agents' fees of not more than 2.5 per cent plus 25 per cent Vat. For the buyer, stamp duty is 6 per cent over £50,000 and there is an annual property tax on houses worth more than £285,000 of 1.5 per cent. However, there are no domestic rates and home improvement grants can be worth up to £28,000 on pre-1940 houses. First time buyers can get grants for newly built houses of £2,000 plus a mortgage subsidy of £3,000 over five years.

It is incentives like these that the trade is hoping will help move the market this autumn. "We have enough incentives. Really what is missing is confidence," said Mr Merk Fitzgerald, managing partner of estate agents Sherry Fitzgerald and son of Dr Garret Fitzgerald, the Prime Minister.

Until that returns, it is still a buyers' market in Dublin.

Prices have been stagnating but an upturn may be near says Hugh Carnegie

Whatever happens to prices, the geography of house-buying in Dublin is likely to follow long-established patterns. Broadly speaking, the city divides into southside and northside—south of the river Liffey, which is fashionable, and north of the river, which is decidedly unfashionable.

There are notable exceptions to this. Developments around the Phoenix Park in north west Dublin are popular and perhaps the most exclusive of Dublin properties are on the hobnob Peninsula of Howth which juts out cragily into the Irish Sea on the north end of Dublin Bay.

On the southside, the most sought-after houses are in the Ballsbridge area in Ailesbury and Shrewsbury Roads, sometimes described as the Mayfair of Dublin. A Shrewsbury Road house on an acre of land fetched £302,000 recently.

Long-term holders are a different matter. Properties in and around the core areas of central London that are homes first and by incidentally an investment have been tempted into the investment market—further increasing the supply—as owners try their luck with optimistic asking prices. But if prices do emerge from a period of summer hesitation and start to show signs of declining, those owner-occupied properties will simply be taken off the market. Not so the several hundred £200,000-plus new and newly converted flats coming up for sale this autumn.

The acquisition, financing, and construction timescale of a residential conversion is such

that a lot of high quality refurbished flats, started when prices were showing 30 to 40 per cent increases in central areas, are due on to the London market in the next few months.

A disproportionately large number of those schemes have been designed and priced for sale to investors who wish to hold them for rent and capital growth. But as the sharper traders are moving on, these new-built blocks increase supply just as demand is shifting elsewhere. So they represent another warning sign for prices.

That leaves the question of where, if anywhere, the more fleet-footed traders are looking for their next turn in the residential market. And at least one of the answers lies under wraps at P & O.

The shipping business within Mr Jeffrey Sterling's group owns the King's Reach site in Chelsea, just north of World's End. Potentially one of the biggest and best residential development sites in the west end, it would take a stunningly incompetent design to fail to draw in buyers.

Like the riverside warehouse schemes in Docklands (where traders have helped to bankroll developers by buying at a discount off the plans and selling at a profit on the back of the marketing drive on completion), when P & O's 1,000-plus house development is unveiled in September it looks certain to attract a queue of off-the-plan buyers.

Even after a price cut from £250,000 to £235,000, a second-floor maisonette flat at 79 Northgate, Prince Albert Road, London NW8, (above) shows just how much it costs these days to find a home with views across Regent's Park. Knight Frank & Rutley (01-624 8171) is selling the large, high-ceilinged, four-bedroom flat on an 83-year lease.

London Property

"Hampstead's most secure investment"

Beaumont Gardens
West Heath Road, Hampstead, London NW3

An exclusive development of just seven individually styled, luxury homes set in a magnificent, secluded environment.

Located in Hampstead's first totally secure development with entrance lodge, electronically controlled gates and 24 hour security patrols.

These elegant homes offering superb family living are only moments from the glorious open spaces of Hampstead's famous Heath, yet only 15 minutes from the West End.

Viewing strictly by appointment through Owner's Sole Agent

Hampton & Sons
21, Heath Street, Hampstead, London, NW3 1YB
Tel: 01-794 8222 Telex: 25341

Kingston Hill, Surrey
Most unique detached house of exceptional quality overlooking golf course and 8 miles from West End. 5 bedrooms, 1 en-suite shower room, 1 en-suite bathroom, dressing room, 3 reception rooms, 3 bedrooms, reception hall, kitchen/breakfast room, 2nd kitchen, sauna room, large sun terrace, double garage. Gas central heating. Landscaped grounds of 12 acres.

Substantial offers invited for the Freehold.

Wimbledon, S.W.20
Totally refurbished house forming wing of Grade II listed mansion. 4/5 bedrooms, 3 bathrooms (1 en-suite), 1/2 large reception, well fitted kitchen/breakfast room, utility, cloakroom. Gas central heating. Private garden. Garage. Car space.
£295,000 Freehold. Sole Agents

Putney Heath, S.W.15
Delightful new house in secluded setting. 2 bedrooms, en-suite bathroom, en-suite shower room, 23 ft living/dining room, superb fully fitted kitchen, gas central heating. Parking space. Scope for extension.
£285,000 Freehold. Sole Agents

Hampton & Sons
Hampton House, Wimbledon Common, SW19 5BA.
Tel: 01-545 0681/6484.

OPEN 7 DAYS A WEEK THE GARDENS

W2. Close Leicester Gate. Only a few remaining newly conv. flats in 3 superb period houses. Lift. 1 & 2 bedrooms, recent, new kit & bath, 125 years.

£89,000—£135,000

SHOWFLAT open Daily, 01-402 6034

Tel: 01-724 6241

STUART WILSON

Rentals

AYLESFORD

CHELSEA SW10
First time on the market. A beautifully furnished family house with lovely garden in this very quiet residential area. 3 double bedrooms, double reception, large modern kitchen with adjoining dining room, 1 en-suite bathroom, shower room, cloakroom. Paved garden. Burglar alarm.
£700 pw

GERTRUDE STREET, CHELSEA
Fabulous one bedroom 1st floor flat which would make ideal pied-à-terre for young company executive. Attractive specialist paint finishes throughout. EARLY VIEWING HIGHLY RECOMMENDED. Double bedroom, drawing room, kitchen, bathroom, balcony, burglar alarm.
£225 pw

440 KINGS ROAD, CHELSEA SW10
Tel: 01-351 2383

NEW — near MARBLE ARCH FOR BUSINESSMEN FULLY SERVICED LUXURY FLATS

STUDIO	£150 - £380 P.W.
1 BR	£250 - £350 P.W.
2 BR	£350 - £450 P.W.
3 BR	£450 - £750 P.W.

Short and long Company lets

DUKE LUXURY FLATS
14 Elm Court
11 Harrowby Street
London W.1
Telephone 01-723 7077
Telex 24141 DUKEAP

Horner Hill LIMITED
INCORPORATING **MAYS RENTALS**

For rentals in Sussex, Surrey, Berkshire and 5 W. London, Horner Hill Ltd. incorporating Mays Rentals offer the widest range of quality houses and flats.

Telephone: 037284 3811. Telex: 895511Z.

Plaza Estates - RENTALS

SOUTHWICK MEWS, W2
A lovely family home which is both comfortably and tastefully furnished. The accommodation is unusually spacious for a three bedroom and includes a 2 1/2 car garage.

4 bedrooms • 2 bathrooms • 2 reception rooms • playroom • kitchen • garage.
Available now for long let. £300.00 per week (neg.)

MARBLE ARCH 01-724 3100 KNIGHTSBRIDGE 01-581 7646

CHOICE OF TWO LUXURY PENTHOUSES

W2. 200 Sq. ft. 5th Floor Penthouse with spectacular views over London. 4 beds, 2 luxury baths, 2 en-suite, fully fitted kitchen, dining room, sitting hall, spectacular drawing room, en-suite, over 100 sq. ft. terrace, 200 sq. ft. roof terrace. Lift, Porter. Long Lease.

Price £125 million.

W1. 200 Sq. ft. Magnificent 5th Floor Penthouse. 4 beds, 2 baths, 2 en-suite, fully fitted kitchen, dining room, sitting hall, spectacular drawing room, en-suite, over 100 sq. ft. terrace, 200 sq. ft. roof terrace. Lift, Porter. Long Lease.

Price £125 million.

ADVERTISE YOUR HOME

From just 55.00 per line, plus VAT (minimum 3 lines)

Telephone: Charles Pung on 01-724 8000 or write to: Charles Pung Property Advertising, Financial Times, Bracken House, 10 Cannon St., London EC4A 4DF.

LETTING? See Your Specialist

GEORGE KNIGHT
The Letting Agent

155-157 Knightsbridge
London SW1
Tel: 589 2133

Citroen and Peugeot have taken the German road, says Stuart Marshall

A sporty pair from France

IT USED to be French cars for comfort, German cars for high performance and sharply positive handling, but that does not apply any more. The Citroen BX and Peugeot 205 1 have just been driving were as firmly sprung and mechanically muscular as any product of VAG.

They were. I must admit, decidedly sporting variants on the BX and 205 theme. The Citroen was the BX 19 GTI and the Peugeot a 205 CT11-1—the C stands for Cabriolet. There could hardly have been a better week in which to test a car with a soft top that goes up and down as easily as a beach umbrella.

One forgets about the weather forecast and keeps an eye on the sky. If it looks like rain, up goes the Peugeot's hood. As soon as it stops, down it goes again.

The operation takes perhaps 15 seconds and the hood holds its tiddly just above the boot. For a finishing touch, a cover can be put on with four press studs. It is made from a stretch material which eliminates bad language and broken fingernails.

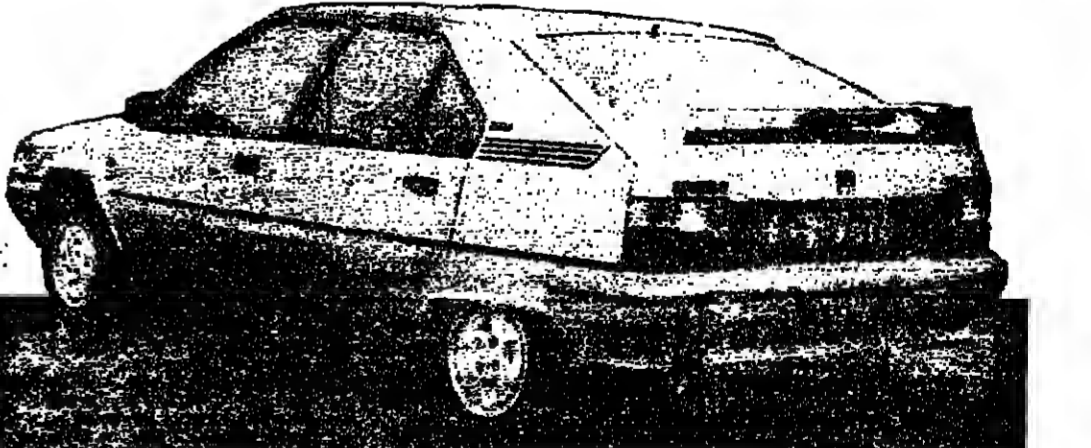
Citroen and Peugeot are PSA Group companies. Although both marques preserve separate identities and characters, there has been a sensible rationalisation of components. Thus the five-speed gearbox in both cars felt equally effortless, precise and silent. And the fascia of the BX was much more in line with Peugeot thinking than it used to be. The piano-accordion-type fingertip controls has been replaced by conventional lever switches and the turbo indicators self-cancel. For Citroen, that is a technological breakthrough.

The revised fascia is common to all BX models now but the GTI has a number of exclusive features. Most obvious is a wing-like aerodynamic air duct on the tailgate which I could have lived without. I suppose it comes into play at a claimed maximum of 122 mph but I found it an irritating obstruction to rearward vision in the central mirror. The tyres are ultra-low-profile Michelin MXV 60 series. Badges apart, these are the only outward identifying marks. But as soon as you get in the BX 19 GTI and start the fuel-injected engine, you are aware it is something special.

The 1.9 litre four-cylinder puts out a healthy 125 horsepower at 5,500 rpm and develops maximum torque (in plain English, it pulls hardest) at 4,500 rpm. It lets the BX 19 GTI leap away from a standstill and reach 60 mph in about nine seconds, which would keep it ahead of a Ford Scorpio 2.6 litre. Much more importantly, it



The Peugeot 205 CT11-1: entertaining, but too sporting for some?



The BX 19 GTI: no Citroen saloon ever went like this before.

provides mechanically unfussy cruising at 80-85 mph and the kind of pick-up in fourth or fifth gear that makes overtaking effortless, quick and safe.

In normal use, the consumption will be in the low 30s mpg; rather less than that if you are exploiting the performance to the full.

The power assistance is so subtle the steering just feels pleasantly light at 40y speed. The self-leveling, ride-height-adjustable suspension was firmer than that of any Citroen I had driven before. The BX 19 GTI rolls hardly at all on fast corners and feels very much at home on winding roads. On the debit side, you notice side winds.

As the ride is firm, so are the seats Germanic, not Gallic. They are fairly unyielding but well shaped hip-squeezers, designed to hold you in place as the car is driven fast. There is plenty of room in the back for two people, reasonable space for a third.

Equipment levels are high, with central locking and elec-

tric windows standard. At £3,849, including power steering, the BX 19 GTI looks very good value when compared with a VW Golf GTI 5-door at £9,269 plus £327 for power steering.

The Peugeot 205 CTI has a similar, though smaller, capacity engine to the Citroen. It produces 115 horsepower from its just under 1.6 litres, revs its head off if you want it to, or pulls hard in traffic if needs be. It is not quite so fast as the BX 19 GTI—a maximum 116 mph is claimed.

I found it most entertaining, with suspension designed for the ultimate in handling, not ride comfort. It pleads to be driven hard. In town, it feels over-tyred, with heavy low speed steering. On anything but the smoothest roads, the loss of rigidity due to the roof panel having been taken away shows—the fascia shakes from side to side and there is the odd creak in the body.

A sports car enthusiast would be entirely at home in the

Peugeot 205 CTI. But the buyer to whom performance is less important but who likes the idea of a compact car that can be opened to the sun and fresh air? I am not so sure. He—and especially she—could find the comfort/handling equation has been wrongly worked out.

The 205 CTI is quite expensive at £9,495 though still considerably cheaper than its most obvious rival, the VW Golf GTI convertible, which costs from £9,551 upwards. The comparable Ford Escort Ghia Cabriolet is in the VW price brackets.

In France, but not yet here, Peugeot offers a smaller engine and cheaper version of the Cabriolet. It has less sporting suspension and rides more comfortably. That, I believe, is what a lot of cabriolet customers are after. When you use your car for short trips to the shops, school and the golf club, hood down in summer, the last thing you are worried about is whether you can out-corner all comers.

peugeot 205 CTI. But the buyer to whom performance is less important but who likes the idea of a compact car that can be opened to the sun and fresh air? I am not so sure. He—and especially she—could find the comfort/handling equation has been wrongly worked out.

The 205 CTI is quite expensive at £9,495 though still considerably cheaper than its most obvious rival, the VW Golf GTI convertible, which costs from £9,551 upwards. The comparable Ford Escort Ghia Cabriolet is in the VW price brackets.

In France, but not yet here, Peugeot offers a smaller engine and cheaper version of the Cabriolet. It has less sporting suspension and rides more comfortably. That, I believe, is what a lot of cabriolet customers are after. When you use your car for short trips to the shops, school and the golf club, hood down in summer, the last thing you are worried about is whether you can out-corner all comers.

Anthony Greenstreet treads in a Poet Laureate's footsteps

Under Cornwall's spell

The unusually thick pile of Financial Times in the general store at Rock and Trebeherick shows that the middle classes are back for their dynamic summer holidays on the north Cornwall coast.

Two boys skirt St Enodoc church where Sir John is buried. Thousands visit his grave and the turf is worn away. It is said that his success in recruiting defenders of the environment should have resulted in its destruction.

They are the Duchy's Bird Preservation Society records that the chough probably became extinct in Cornwall in 1874, two immature birds were seen in Pentire in 1952.

Here, too, you might meet with something inexplicable: sometimes when the air is still, the long stone field walls resound with a tremendous hum as if the muzz of an enormous hive—and yet, there is not a bee in sight.

At Rock, there is dughy and hoard sailing in the Camel; and today scores of craft traverse water considerably too dangerous for small boats in the 1920s. At high tide, you can sail up the unspoiled estuary towards Wadebridge. No road runs along it and even the railway has gone, leaving a delightful walk past creeks where rot the hulks of schooners which, until 1914, carried slates from the deserted sinister quarries by the shore.

This is one of the best bird-watching spots in Britain and pied shelduck, curlew, heron, redshank and sandwich tern far outnumber the out-cry holiday-makers.

To the evening, families reunite at The Mariners by Rock Quay—a heady place for adolescents in display. Open-topped cars constantly bring new supplicants of suburban bodies, and laughter sounds across the water of Porthilly Cove to tiny St Michael's church—loud enough, one might think, to wake William Rouseball (d. 1659) under his massive carved slate slab.



SIR JOHN BETJEMAN Buried in churchyard

Blessed be St Enodoc, blessed be the wate, Blessed be the springy turf, we pray, pray to thee, Ask for our children old the loppay dais you gave To Ralph, Vasey, Alastair, Biddy, John and me. Fathers golf at St Enodoc. No course has been so celebrated in verse or so loved. As Betjeman wrote of his friend, E. A. Burden, whom he lamented in The Hon Sec: He loved each corner of the links— The stream at the eleventh, The grey-green beets, the pale sea-pinks, The prospect from the seventh. Betjeman's own favourite spot was "the prospect of the fairway from the 12th with the sound of the Atlantic on the shore behind."



The waterfall at Gullfoss... wonderfully romantic

Exotic Iceland

ICELAND has the most magical light of anywhere on earth, thought W. H. Auden, and he was probably right. Iceland is a strange, hauntingly beautiful country of volcanoes and glaciers, puffins and ponies. It is the place to visit if you are in search of peace, solitude and a sense of life clinging close to the sea.

To call exotic a Northern, Protestant country only two and a-half hours from Heathrow may seem surprising, yet Iceland has more bizarre aspects than its unforgettable landscape. You can take the hottest swim of your life in water from the bowels of the earth. There are no floral roundabouts, no trees, and there is no need to take tannin lotion. Beer is non-alcoholic and costs a fortune (we paid about £1.70 for a small can). Reykjavik boasts the largest nightclub in Europe where on Saturday nights the gentle and courteous Icelanders turn into a something much closer to a Viking ancestor.

Our guides were anxious to point out that their country's name is a misnomer. However, the facts make chilly reading. July is the warmest month, yet inland temperatures can be sub-zero and the average for the month is only about 10 deg Celsius—less in mountainous areas.

I have heard Reykjavik wickedly described as Basking-stoke on ice, but in fact the Old

City has considerable charm, rather like some elderly east coast resort such as Cromer. The city is 200 years old this year but little remains of the traditional wooden architecture. After independence in 1918 the Icelanders swept away the old housing as vestiges of "Danish cultural oppression." However, the white houses with gaily coloured roofs are a pleasant sight and from every point you see the sea and snow-peaked mountains.

Because in geological terms Iceland is just a teenager, the earth smoulders and steams, spouts with geysers and experiences a volcanic eruption about every five years.

Our first day-trip from Reykjavik was to the Westmann Islands, half an hour's flight away, where the twin perils of fire and sea come vividly before the visitor. The islanders of Heimaey, the only inhabited island, see the past bisected into before and after the cataclysm of 1973. Then their volcano, pronounced dead by scientists, awoke and spewed out 200m tons of lava and ash. Thankfully the fishing fleet was in port and the 5,000 inhabitants were safely evacuated. Most returned to rebuild their town, but a sense of fatalism means many keep houses on the mainland. Crushed houses are still visible, and many streets end in the black mountain-wall of lava. A slumbering volcano is not

the islanders' only fear. In this small fishing community, each year the boats lost at sea touch people's lives with tragedy. Most Icelanders speak English, and the fitting, poetic turn of speech made highly evocative our guide's tales of drownings and rescues from the icy sea. Fortunately, our boat-rounder the island found the sea at its most benign. The cliff-gorges teem with birds, the gullmounds in lines like Edwardian gentlemen waiting for the dinner-gong, while puffins and eider-duck bob in the waves.

Gullleimur was on the menu next day, although the season was too early for baby puffins. I could not rate Iceland highly gastronomically, nor did I agree in his Letters from Iceland. He described the dried fish memorably: "The tougher kind tasted like toenails and the softer kind like the skin of the sole of one's feet." Hakkari, ripened shark's meat, smelt too unbelievable for it to get past my nose. Potatoes browned in sugar are indeed barbaric, while if there is more to Icelandic baking than Mother's Pride, the hotels have not realised it.

But then, Iceland is not the place for lotus-eaters. Travellers like Sir Richard Burton, the Arabian name, and William Morris, came here in far more uncomfortable days to experience the wildness of Viking saga-country. You still feel it just an hour away from the capital at Thingvellir. As the site of the Althing, the world's most ancient parliament, the Vikings chose a deep fissure in a rock-strewn plateau, where geologists are enraptured by seeing the earth's crust part a few inches every year.

Here in 1000, Icelanders gathered before the law-giver's rock to hear that Valhalla was no more. Thenceforth they were Christian. Although the Church eased the transition by letting them continue a while to eat horse-meat and kill surplus baby girls. Our "Golden Tour" continued with lunch at a community centre: boiled halibut and swede. Then I saw my first geyser, which I learned to pronounce geyser, instead of rhymiting it with Ebenezer. The great old Geyser is now in semi-retirement and needs lubrication with soap-slates to urge it into life. However, the Churn obligingly spurts every five minutes and the boiling mud round about is most satisfying. The nearby Gullfoss waterfall, one of Iceland's many falls, is wonderfully romantic, while a peregrine falcon nesting in an extinct crater provided another excitement.

In Iceland all visitors should have a Garbo complex and just want to be alone, to gaze across the desolate landscapes and listen to the mournful cries of seabirds. How well such a longing fits in with escorted tours I could not say, but tours are the only way to explore the desert interior. The wild atmosphere probably survives campfire sociability and coach-travel. Hardier types should take walking or riding expeditions into the interior, but always with guides.

TRAVEL DETAILS: Tours run by Falcon Holidays (101-221 7278) include one week in a hotel in Reykjavik from £238 (high inclusions); two or three centre trips from £288; escorted tours from £468; one week horse-riding tour from £599. Icelandic flights from Heathrow £196 plus £12.50 departure tax; from Glasgow, £171.

Patricia Morison

Gerald Cadogan sums up the lessons of his summer dig in Cyprus

SIX-AND-A-HALF weeks of digging in heat and dust at Maroni, Cyprus, ended as we draped the site in plastic. The long rolls are the cast-offs from the nearby greenhouses for tomatoes and cucumbers. I sent workmen out to scour for them and they returned with yards of the stuff. The plastic will protect the (unbaked) mudbrick walls from the winter rains — hard to envisage now, but all too fierce when they come. Before we spread it, we had taken final photographs, sweeping the site so hard there was barely a speck of loose dust anywhere. It looked terrific. Then we summoned the bulldozer to remove the dumps and turned to writing summaries of the season's work and drawing the final plans and sections.

The plans are state-panels of what is there. The sections record the layers and their connections as they appear in the sides of the trenches. They should show which floors belong with which walls, which is the basis of the history of the buildings—the simple truth that you cannot have walls without floors helps us to reconstruct the buildings were at any time.

It is not always as easy as it sounds. But this year an accumulation of floors in one part of our grand 13th century BC ashlar (dressed limestone) building has helped greatly. Some of its walls are later than its first floors, which should mean there was plenty of construction in the century or so of the life of the building. But if we find during the study season in 1987 — next digging is in 1988 — that there are joins among the pottery in the different floor levels, then the floors must have accumulated quickly, probably in less than 100 years.

In the street outside the ashlar building we have found more floor accumulations, clearly re-laid with new beddings — the ancient equivalent of the summer road resurfacing.

ings of Britain. But the most unusual floor is the "wedding cake" in the large west building on the other side of the street. It looks really more like a mille-feuille, a layer up to 30 cm thick of alternating bands of grey (clay) and use on the floors) and while the rolled limestone marl that made the floors.

It has to be a floor that was re-laid annually—or at least frequently — just as village houses in Cyprus and Greece may be whitewashed once a year, usually at Easter. The west building with the wedding-cake floor is about as large as the ashlar building (20m x 30m), but is made of unworked field stones — though some spare ashlar blocks from the ashlar pillars were used in it as pillars to support the roof. The west building seems to have had four long aisles, though we have little idea of their purpose or of the contents of the building, apart from the marl floors which glare in the sun when they are swept for photography. This year we found much

more of the late history of the ashlar building, when it was a shrine from around 650 BC. Its great walls were still standing but the new occupants fitted new walls inside, cutting through the Bronze Age floors to bed them and even using large pieces of the ancient pithoi (storage jars) in the walls instead of fat stones. We came upon some intact pots and two curious limestone scoops that look like fat cool shovels and are blackened inside by smoke or fire.

What on earth were these used for? Any archaeologist who does not have a ready answer will say that he has ritual objects. This superior statement of ignorance may for once be true, as the things really may be ritual fumigating, for censuring or ritual fumigating. I must go to the library to chase parallels.

Something new is the evidence of Romans at Maroni. We have had a few sherds, which have been dismissed as chance finds. But part of a Roman glass bowl in the robbing

trench of one of the great ashlar walls is an important find. For the first time we have direct evidence of when some of the walls were vandalised: 0-50 AD. Till now it has been circumstantial evidence, suggesting some earlier robbing and some as late as the last century.

At the beginning of the season we set out to recover as much as we could of the plan of the ashlar building. Good progress there. But some is still outside the fence and will wait till 1988. We also wanted to decide why it was put where it was in about 1250 BC. Some progress. We see now that the place was important as a copper and bronze centre before the ashlar building was put up. And we have some of the oldest copper ingots found in Cyprus.

About the use and building history of the grand ashlar building we now know very much more. But to explain why it was abandoned around 1,200 BC—for 550 years—we shall have to look elsewhere in Cyprus.



A view from the dig in Cyprus

A day at a time

I AM ASTONISHED by the lack of interest shown by most nurserymen in day lilies. These are admirable herbaceous perennials, completely hardy, tolerant of most soils including those that are strongly alkaline, easily grown and long lived. They are in need of only one regular attention, consisting of six or eight summer weeks, the removal of faded blooms which can become unsightly if permitted to accumulate.

Remember that the day lilies get their popular name because individual blooms last only one day, or two at most. It is the free production of flower buds that makes the best varieties so decorative but the opening flowers do not automatically push out the old ones, though some varieties do seem to be better than others in this respect.

Respectful gardeners recognised the potentiality of day lilies at least 40 years ago. There has long been a thriving Hemerocallis Society in the US, busily engaged in promoting the interests of the plant and encouraging the production of new and better varieties. In the Royal Horticultural Society's garden at Wisley, Surrey, there is a long standing trial of day lilies which is always worth a visit at this time of year. I

was looking at it the other day and noted the varieties had been awarded a First Class Certificate (FCC), the highest award the RHS bestows.

When I returned home and sought these super excellent varieties in nursery catalogues, I could find no more than four and for these it would be necessary to go to two different nurseries. Pursuing my studies a little further I looked for the Award of Merit (AM) varieties, the next category of excellence, of which there are 15 in the trial but this time I could not find one of them in the well known nursery catalogues I had chosen.

Just in case any nurseryman should read this column, here are the FCC varieties at Wisley: Amersham, Banbury Canary, Berlin Red, Blushing Beauty, Burford, Burning Daylight, Cartwheels, Corky, Golden Chimes, Jake Russell, Lemon Bells, Marion Vaughn, Missenden, Nora, Pink Damask, Stafford, Stoke Poges and Torpoint. I have been watching these trials for a good many years and have no doubt that Amersham, Missenden and Berlin Red are the best red day lilies I have seen, though probably too much alike to be all needed in the same garden. Amersham is the lightest and brightest in

colour. The more recently introduced Berlin Red is a little shorter and more compact than Missenden and could well be the best of the trio for general planting but I have not

Gardening



known it quite long enough to be sure of this. Cartwheels is probably the best yellow day lily that can be purchased fairly easily but I think that Nova, sent to the Wisley trial by Anthony Estate in Cornwall, is an even better flower in form and colour. Anthony Estate was also the source of Gay Music, which has deep yellow flowers with extra petals which produce a very soft effective flower. Flunk of a kind has been available for a long time and Pink Damask won its FCC as long ago as 1962. It is still a

fine variety which produces a lot of well shaped flowers but it is a very yellow pink, the kind of shade you would be likely to find on the sunny face of a peach. Colder, bluer pinks came later and one of the nicest I have seen is Penelope Vestey, sent to Wisley by the Norton Hall nursery. It received an Award of Merit last year.

Cynthia Mary, which is similar in colour, was raised and sent to the trial by Anthony Estate. It has just been elevated from Highly Commended to Award of Merit and I wonder whether it will eventually attain an FCC.

Stoke Poges, also in FCC as long ago as 1973 but I cannot recall having ever seen it on sale. I saw it at the end of July in the National Collection of Hemerocallis in Mount Hall Gardens, one of the public parks in the Epsom and Ewell area. Missenden and Amersham were also flowering here and the whole collection was making a fine display when I looked in. Unfortunately I could not see that any of the varieties had names attached to them and this severely limits the value of the collection to the public but I was told that steps are being taken to rectify this and also to add further information useful to gardeners.

Arthur Hellyer



FOOD FOR THOUGHT

Peter Fort discovers that American cuisine has been born again.

Back to the basics

AMERICANS have dreamed of the great American Cuisine for as long as they have dreamed of the great novel—and are just beginning to realise, despite the resolute battering of publicity that attends any American enterprise, that like Huckleberry Finn, it has been here all along, waiting to be acknowledged rather than created anew.

It took the phenomenon of nouvelle cuisine to bring it fully to light. For decades we all believed that the great American food was an amalgam of commercially grasped opportunities—Boston baked beans and turkey roasts and spareribs and blueberry muffins and devil's food cake, all made available in whatever was the latest convenience form, yesterday canned, today frozen, tomorrow irradiated.

These are the substitutes for domestic family eating and they form the basis of most fast food operations. But then there came heart disease and the need to eat less and less and the feeling of cooks (all over the world) that they must do something about it or go out of business. American chefs are nothing if not entrepreneurial. So like their French counterparts they set off in pursuit of food that was light but pretty (of course) and expensive.

These practices can be applied to any kind of cuisine, bending and shaping its original tastes into new forms. Looking for the basic material, American chefs have settled on their traditional ingredients and local cookery. Behold, born again in a new form, the old cooking of the American heartland and it points up the fact that the United States is, by our standards, a southern country. Even Toronto 41 can become a bona fide (this) lies south of Arizonan American heartland cookery is a business of what we think of as meridional food—the food of sun-baked semi-desert land and warm near-tropical seashores. The land of the courgette, the bean, the chilli pepper and the peanut.

To an American almost all cuisine is "ethnic." So the cooking that carries the cachet both of the "ethnic" (ie, not ours) and the indigenous is the food of the South characterised (in New York at any rate) as Tex-Mex and Cajun. Tex Mex is the cuisine of Texas and Mexico, Cajun, which I took to be a Spanish word to be pronounced "Colquobour" is, I am now assured, the way an uneducated Creole or Louisiana negro pronounced the word Arcadian. Hence it rhymes with "ragin'." And ragin' is what it is. In New York at any rate, where there are plenty of restaurants of which offer specialties of gumbo and jambalaya and blackened fish. This last appetising as it may sound, is in the hands of someone like Paul Prudhomme of New Orleans, truly Arcadian.

And it partakes of what may be seen as the other essential feature of the great American Cuisine. It (uses and is) burnt. The favour of charred food has always been much appreciated in America. They have had for years a product called Liquid Smoke which you paint onto your pallid, electrically-grilled steak to give it that primitive taste of combustion. No such deceptions for the true master of cajun cuisine: his fish really is burnt. "Half-raw, half-burnt." What a combination to pronounce on the food in an English boarding house. Yet such primitive favour bring a whiff of cave-dwelling reality to the sophisticated of modern foodery. They are to an American gourmet the assurance of a reality at the heart of his prettily decorated, calorie-low, salt-free plate. How encouraging that the food for the twenty-first century is looking so good.

Company Notices

HOPE STREET FUND S.A. Registered Office: LUXEMBOURG, 14, rue Aldringen LUXEMBOURG, Section B 8621 DIVIDEND ANNOUNCEMENT The shareholders are hereby informed that the Annual General Meeting of August 8th, 1988 has approved the payment of a dividend of US\$0.30 per share on August 8th, 1988 payable immediately against presentation of coupon No. 17.

MURRAY AMERICAN GROWTH SICAV

Registered Office: LUXEMBOURG, 14, rue Aldringen LUXEMBOURG, Section B 8335 DIVIDEND ANNOUNCEMENT The shareholders are hereby informed that the Annual General Meeting of August 8th, 1988 has approved the payment of a dividend of US\$0.05 per share on August 8th, 1988 payable immediately against presentation of coupon No. 2.

MURRAY PACIFIC GROWTH SICAV

Registered Office: LUXEMBOURG, 14, rue Aldringen LUXEMBOURG, Section B 7825 DIVIDEND ANNOUNCEMENT The shareholders are hereby informed that the Annual General Meeting of August 8th, 1988 has approved the payment of a dividend of US\$0.05 per share on August 8th, 1988 payable immediately against presentation of coupon No. 2.

Legal Notice

No 007574 of 1988 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF WILLAIRE SYSTEMS PUBLIC LIMITED COMPANY AND IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated the 28th July 1988 confirming the reduction of capital from £2,000,125.40 to £274,988.78 and the reduction of the Share Premium Account by £457,685 of the above-named Company and the Minutes approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 31st July 1988.

Holidays and Travel

One of New York City's best kept secrets... An elegant hotel for business or pleasure, 330 beautiful rooms, A.C. TV, swimming pool, terrace, cafe, shopping, beautiful location in the 57th Street Station. 123 West 57th Street, N.Y. 10019 Tel: (212) 633 0900 Fax: (212) 246 1200

Art Galleries

FAIRER GALLERY, 109-110, Berkeley Street, London W1X 5AD (opposite Marlborough Hotel) 01-499 5906 SOLE AGENTS: W. & A. BRUNN, 10, Piccadilly, London W1 0DQ. Tel: 01-734 5111

Personal

OLD FRIENDS DOES LIFE BEGIN AT 40? MARRIAGE, FRIENDSHIP or COMPANIONSHIP The Introduction Agency for the 40s, 50s and 60s. Details: Anne Brent 18a Highbury New Park, N5 5DE Tel: 01-226 5432

ANTIQUES

AUGUST AUCTION SALES Silver and Jewellery Tuesday 19th August at 11 am European Paintings, Watercolours and Prints Thursday 21st August at 11 am English and Continental Furniture Thursday 21st August at 2 pm VIEWING: Monday 18th 9 am - 5.30 pm Tuesday 19th 9 am - 3 pm Wednesday 20th 9 am - 5.30 pm Bonhams Montpelier St, London SW7 1HH Tel: 01-584 9161

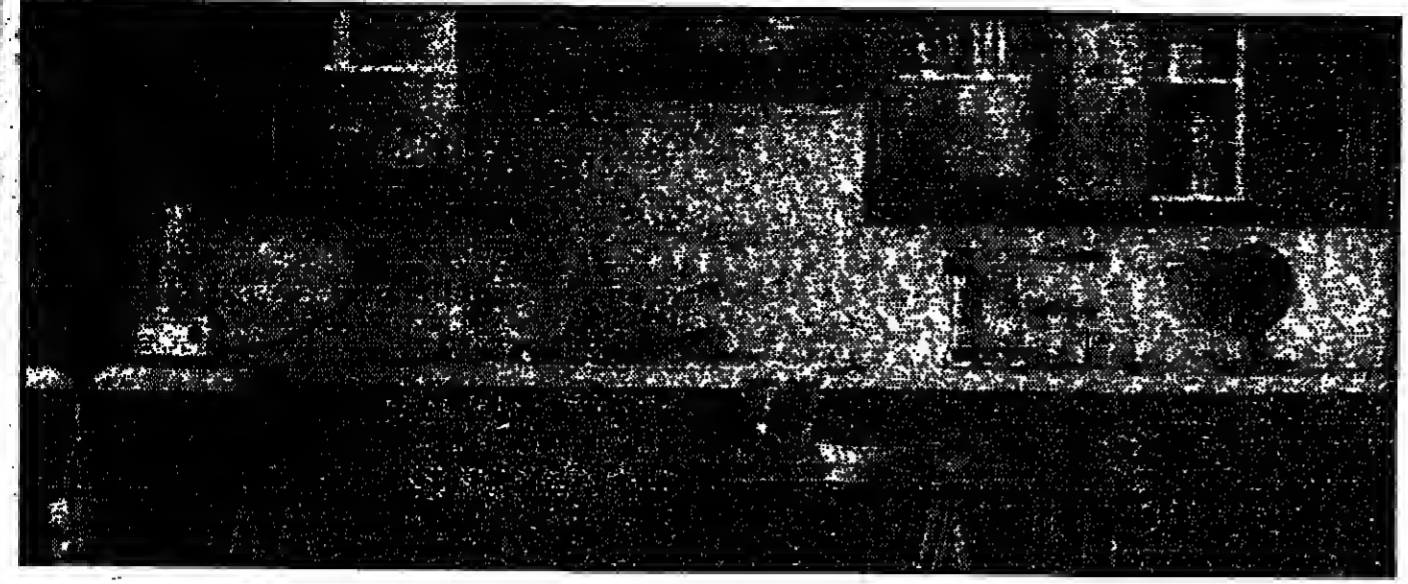
CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line, Single column, 3 lines, 3 cms. Commercial & Industrial Property 11.50 39.00 Residential Property 12.00 41.00 Appointments 11.50 39.00 Business, Investment 11.50 39.00 Wanted 11.50 39.00 Personal 9.00 30.00 Motor Cars 9.00 30.00 Holidays & Travel 9.00 30.00 Contracts & Tenders 11.50 39.00 Book Publishers 9.00 30.00 Premium positions available £5.00 per single column cm extra All prices exclude VAT For further details write to: Classified Advertisement Manager 10, Cannon Street, ECAP 4BY

Handwritten signature or text at the bottom of the page.

Spit in it

DIVERSIONS



Sleek and up-to-the-minute, the new Slate kitchen

What's in store at Habitat

WHEN in 1972 the first Habitat catalogue with a cover price was launched, it was considered something of a landmark...

be customers will have to go to a Habitat store to buy it. It is, as a Habitat spokesman put it, "a year of consolidation, of taking stock of finding out exactly who our customers are and what it is they want."

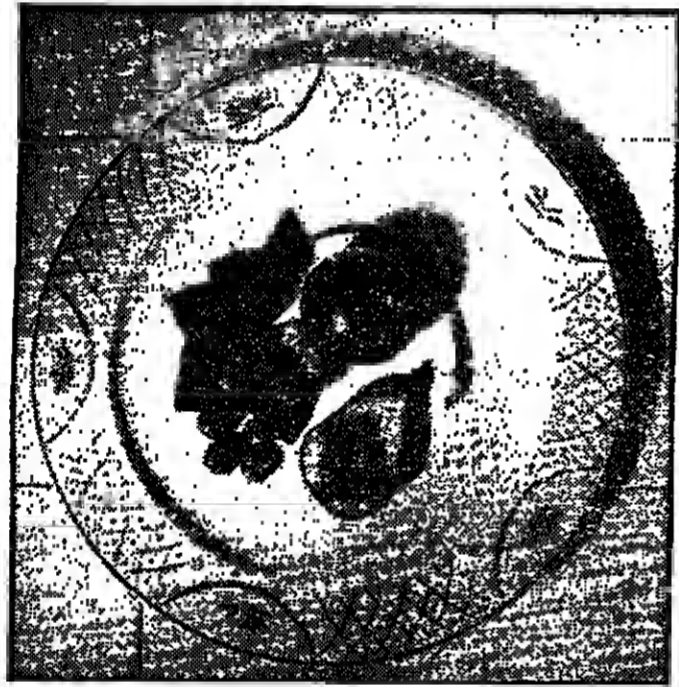
Laura Ashley with its more traditional approach, its rustic charm, Next Interiors, as yet still small but offering a more sophisticated, less rigorously contemporary option, Marks & Spencer with its huge, captive audience, MFI which seems bent on going upmarket and the big unknown — the arrival of IKEA, the hugely successful Swedish chain, early next year.

furniture, it is going to be a formidable challenge. In the meantime, what does 1985's edition have to offer? There are some 240 new products. There's a good armchair — the Oxford — of indeterminate period but very comfortable-looking.

There is a very up-to-the-minute looking kitchen (see it photographed here) all slate grey lacquer (or white if you prefer) and a welcome change from ye olde pine. And what is this I see? A canteen in natural ash filled with cutlery that, were it in silver and not to stainless steel, could have come straight off any dining-table in the shires. No uncompromising design statements here. A potent reminder that whatever new directions Habitat may be heading for, the well-known flair of its founder for supplying customers with what they want is still intact. I think it'll be the wow of the catalogue.

L. v.d. P.

Left: a small gadget but very useful. Crimewatch is a light-sensitive lampholder which turns on the light as it gets dark and turns it off again automatically when the sun comes up. Fit it onto any socket with a 60 watt bulb, £9.95. Below: Barton, a new tableware range. A 20-piece set sells for £43.95



Lucia van der Post

THE NEXT SOLUTION

SORRY TO remind you so forcibly that winter is on its way but this week the Next shops unveil its autumn look and its new strategy for continued growth. There can hardly be a woman in the country who isn't aware of Next — one of its troubles has been that we were all almost too aware. Though most of us loved the designs and appreciated the value, the love-affair began to cool when we learned to spot a Next outfit at 50 yards.

George Davies (the guru behind the chain) soon realised that he was faced with a classic marketing dilemma — how to grow (in other words sell more clothes) without the increased sales making the clothes themselves seem less desirable.

He has solved it brilliantly — this week Next shops will offer two separate collections that would-be customers. Roughly half the shops will remain simply Next shops while the other half become Next Too (a few of the larger ones, mainly in central London, will sell both collections).

Broadly speaking, the spirit behind the collections will be unchanged — bright, up-to-the-minute clothes, in co-ordinated ranges at very good prices. Next Too, however, is designed to appeal to a more sophisticated (read older?) taste. Colours will come in on classic neutral shades like charcoal grey, oatmeal, black and there will be lots of natural fabrics. Good news indeed for those who found the colours of Next a little too memorable.

Stars of the winter season look like being the dark grey over-sized coats, the pure wool Prince of Wales check city collection (a good coat-dress and a suit with pleated skirt and easy jacket that looks elegant yet relaxed), creamy cords and a very good rayon/cotton raincoat with check lining.

Photographed right is a typical example of the Next Too winter look. The hutton back skirt (in grey/black or purple/black) is £21.99, the striped sweater in the same colours is £22.99, the plain polo neck sweater is £17.99. Fabrics are a mixture of lambswool and acrylic. The whole reminds me irresistibly of a famous label outfit I bought last year which cost three times as much.



AFTER TEN years of a bull market for fine wines in London salerooms, the 1985 auction year which has just ended showed a distinct fall. Sotheby's suggests one of about 30 per cent, Christie's less. 1975-76 had been the first year of recovery after the slump that brought even first-growth clarets, by-passing the stricken Bordeaux trade, direct into the London auction rooms from their chateaux cellars. Since then prices for rarities, for esteemed claret and port vintages had risen steadily until the spring of 1985.

For example, Lafite '45, which fetched £560 a dozen in 1976 had reached £4,900 by 1985, and Mouton-Rothschild '61 rose from £310 to £3,000. In 1976 the Petrus "boom" had scarcely started, with the '61 going for £420, but by 1985 it was almost unobtainable, and a single case brought £9,500.

By last year even the scarcely-bottled, but widely publicised 1985s had soared, largely owing to American buying. Lafite to £860 a case, Mouton-Rothschild to £785 and Petrus to £2,760. Yet in the last 12 months these three went as low as £480, £338 and £1,760 a case respectively, though there has been some recovery in recent months with top prices of £605, £620 and £2,310. Similar falls occurred throughout the fine wine market, particularly for older favoured clarets.

The main cause has been the fall in the dollar that began in spring last year and has continued ever since. It was largely the American market that had supported the rising prices. Although the Swiss and the Germans have also been significant buyers, their increasingly favourable exchange rates against the pound have not led them to replace the hesitant Americans.

(£1,350), Mouton-Rothschild 1889 (£825), Latour 1900 (£1,450 a magnum) and Yquem 1861 (£1,250 — the highest price for a bottle of white wine ever sold in the London saleroom). In another Christie's sale a case of Yquem 1900 went for £7,500.

Although Sotheby's could not match these sales, their Fyvie Castle sale in December included such mature vintage port as Taylor '35 and '45 that brought £1,430 and £1,540 a case respectively. In March a magnum of Lafite 1869, originally sold by the chateau to Prince Napoleon, reached £3,520. Then in May in a sale of 26 vintages from the cellar of Ch. Laoussan a bottle of 1870 realised £330, a very high price for an unclassified Medoc. Petrus figured prominently in International Wine Auction's sales, with a magnum of the very rare '45 making £2,100 and an '82 imperial (eight bottles) £3,500.

For some not altogether clear reason, burgundy in the saleroom attracts nothing like the attention given to claret. Only the Domaine de Romanée-Conti wines are in the millionaire-drinkers' class, and last year's top price was £2,600 for 6 magnums of the 1971 Romanée-Conti; a single bottle of its 1971 Montrachet made £480. So far the fall in prices has not led to any rush to sell for fear of further decline, but there is no general indication of recovery. Vintage port prices, which held up well for most of the year, have recently tended to drop. There is, however, a great deal of wine, particularly of young claret, on the market, and it would not be surprising if there was profit-taking by those who bought early, even on the '82 and '83 clarets that were often bought for investment.

It will be interesting to see the effects of Christie's now reluctantly joining Sotheby's in imposing a 10 per cent buyer's premium: good for vendors through lower commissions, but discouraging for buyers. Sotheby's certainly lost out to Christie's when it initiated this two years ago. Will Christie's prices now fall? Or will the much smaller International Wine Auctions, which has recently re-affirmed it will not impose a buyer's premium, pick up some business from their senior rivals?

Edmund Penning-Rowsell

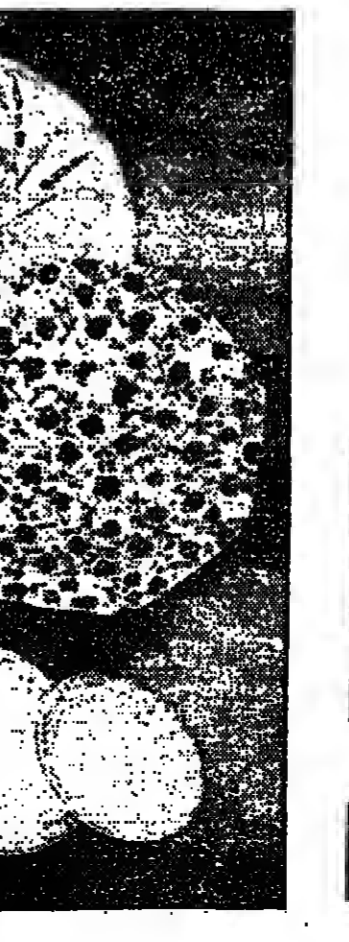
Flower power rethought

LOOK AROUND in the home furnishing departments and you'll see a rich new crop of floral tributes blooming in the most unlikely places. Colefax & Fowler's inimitable chintzes go on forever and Laura Ashley's innocent way with a daisy is now a permanent part of the British domestic scene but this year has seen a sudden revival of interest in the decorative potential of the flower. Not just traditional purveyors of a conventional and cosy British look but some of our most interesting and forward-looking companies have rethought floral possibilities.

Possibly the most interesting and certainly the most dramatic is Howard Hodgkin's series of rich and colourful fabrics produced for Designers' Guild. Tricia Guild, the guiding talent behind the company, has long been an admirer and collector of Howard Hodgkin's work and it seemed to her a good notion to harness his painterly genius to produce the first in what is hoped to be a series of artists' fabrics.

There is a long and honourable history of artists being involved with fabric design of whom probably the most notable were Dufy and Matisse; but I certainly can't remember it happening in recent times. The results, it hardly needs saying, are spectacular — rich, strong, infinitely memorable. There are two very dramatic designs — Large Flower (which features a huge crimson flower, photographed below) right green stems and leaves against a midnight background) and Leaf (a charcoal or indigo leaf-like shape on white), both of which are in 100 per cent cotton chintz and sell at £37.50 for a metre and £137 cms wide. Designed to work in with them and, therefore necessarily much less dramatic, are Moss (in a smudgy crimson or charcoal pattern) and earth (smudgy malachite or indigo). These last two are in 100 cotton

satin and sell at £35 a metre. The fabrics are not cheap, as you can see, and are probably not to everybody's taste, though I think they are stunning. Tricia Guild herself thinks they are most likely to appeal to people who are already familiar with Howard Hodgkin's work. In an interesting blurring of the pigeon-holes (is it art or is it commerce?) Tricia Guild has for some time had several Howard Hodgkin works on show in her King's Road showroom. Now the Bernard Jacobson Gallery at 2a Cork



Street, London, W1 (where Howard Hodgkin sells his work) will also be selling the material. The fabrics can also be seen and ordered through Harrods, Liberty, Harvey Nichols (which have used metres of it for its Sloane Street windows) and Village Green in Chalfont St Giles. All Designers' Guild stockists will also be able to order it.

Floral motifs have also been turning up in unusual abundance in the work of potters. Photographed here is a small selection of some of the most interesting around.

1—MARY CASE is a water-colourist and landscape artist who also uses her very gentle painterly talents to produce a distinctive line in pottery. Her most distinctive qualities are probably her soft colours and the fine, detailed drawing of her decorative work. This vast bowl (wonderful for holding fruit or for pasta) features flowers, grasses, leaves and frogs and she uses a gentle yellow/green or pink/blue palette. The bowl is £125. Contact her at 52 Warriner House, South Bank Business Centre, Warriner Gardens, London SW 11. (01-622 0436).

2—CLIVE DAVIES has had exhibitions in a host of galleries up and down the country and is probably best-known for his distinctive colour glazes. He came straight to pottery from his National Service in 1962 and now he has had time to develop a style of his own. His work is becoming increasingly sought-after. His style is highly decorative, richly imbued with colour and currently floral motifs are blooming all over his wares. This strong and beautiful eight-sided plate, featuring deep violet flowers with green leaves and sporadic red dots is £90. Available from a large selection of his work at Graham & Green, 4 & 7, Elgin Crescent, London, W11.

3—THERE IS currently a great revival in the old art of spangeware and Emma Bridgewater has produced a ravishing collection of tableware, all featuring the typical gentle colours of this technique — there are bowls and plates, cups and saucers, all embellished with great roses in green and pink, pink and yellow or blue and yellow. Photographed here is a tea-pot from the range, £22.50 (p + p £2.55) from The General Trading Company, 144, Sloane Street, London, SW1.

4—A WONDERFULLY free and generous jug by Clive Davies — embellished with great red flowers, £50, also from Graham & Green.

5. THIS IS the only selection of tableware that is mass-produced — but very prettily so. By the French company of Salins, there are two designs. Annabelle large flowers, both of which come in the same colourways so they can be mixed together at will. Besides the plates there are coffee pots, tea pots, vegetable dishes. In soft yellow, blue, apricot, the large plates are £6.49 each, the small ones, £6.98. All from Inshop, 18 New Cavendish Street, London, W1. 6. THE Royal Academy asked one of its members Philip Sutton, a well-known painter, to design some plates for use in the Royal Academy canteen — they were stolen so regularly that the Academy decided to sell them. The three sizes look particularly good together. The borders, when seen layered together, gain in depth and richness. The large 10 1/2 in plate is £9.95, the 7 1/2 in plate is £7.25 and the 6 in version, £5.25. There is also an 8 in bowl selling at £7.95. All can be bought from the Royal Academy, Piccadilly, London, W1. A new catalogue, featuring all its wares, will be available from September 1.

L. v.d. P.

Rule by degrees

OXFORD AND EMPIRE: THE LAST LOST CAUSE by Richard Symonds. Macmillan £29.50, 368 pages

WHY OXFORD and the Empire? Why not Cambridge or both? The author answering his own questions agrees that a good book could be written about Cambridge and its Empire connections, but he points out that at least in the earlier part of his period there was a "preponderance of Oxford men in the posts in which imperial policies were decided and implemented."

It is certainly true that between 1880 and 1914 in the Indian and Colonial Services Oxford men outnumbered Cambridge by nearly two to one, and that the great majority of Prime Ministers and Foreign Secretaries who determined Empire policy were Oxonians. The Colossus, Cecil Rhodes,

who opened up Southern Africa was an Oxford man, and the greatest Viceroy of India, Curzon, was another. Over the whole period of British rule in India 15 out of 20 Viceroys or Governors-General were from Oxford—12 from one college, Christ Church, which can also boast of 13 Prime Ministers.

But the author observes that the difference between Oxford and Cambridge in this respect was not merely a matter of numbers. Leslie Stephen reviewing the life of Benjamin Jowett, the great Master of Balliol, observed that Oxford had "long been fertile in prophets." Cambridge was different. "Inclined to regard their apparent harshness with a certain complacency... They did not deny the existence of the soul; but knew that it should be kept in its proper place." Oxford has always been less purely academic, more outgoing, more "political," more

concerned with the world than Cambridge. Why this should be so is difficult to answer. But it cannot be entirely accidental that over the centuries there have been nearly twice as many Oxford as Cambridge Prime Ministers and that since the Second World War Oxford has produced seven out of nine while the Cambridge score has been nil.

Oxford's imperial pre-eminence was not so much due to Christ Church which effortlessly produced statesmen as it always had from the grand aristocratic world for which it catered; rather, it was the result of proselytism by Balliol among the middle and upper middle classes. Milner was more typical of the College than Curzon, and Balliol itself was unlike any other college in Oxford or Cambridge.

Jowett took a unique degree of trouble in nurturing the future rulers of Britain and Empire, giving his undergraduates suitable contacts and generally placing them in life. As the author observes, "whilst his admission to Florence Nightingale that he would like to govern the world through his pupils was a humorous exaggeration, the Balliol network was remarkably pervasive."

Like other Oxonians Jowett's protégés were almost to a man brought up on the classics, and numerous parallels which historians today would regard as highly misleading were made between the ancient and modern world. Gilbert Murray considered that "at home England is Greek, in the Empire she is Roman." Aristotle's Ethics made Sir George Schuster see in a fust the whole purpose of life and, curiously, guided him to become Finance Minister in India. Rhodes carried Aristotle as well as Marcus Aurelius to the diamond diggings where he made his fortune, and as a result brooded upon the question "How can man do his greatest good?" One means evidently was by making the greatest amount of money—anyway as a stepping-stone.

Cecil Rhodes is, of course, a key figure in the story of Oxford and Empire. No man has



Benjamin Jowett: mentor of preconsuls

had more memorials in Oxford, and Rhodes House, that remarkable building by Sir Herbert Baker, is the most appropriate of all. "I like the big, simple and barbaric," Rhodes told him. He would have approved of this posthumous monument. The importance of Rhodes's Scholarship is a subject of perennial controversy. They did not produce what he intended insofar as one can make out his intentions, but they have had a real impact on Oxford. How far they have affected their home countries is less clear.

The great Oxford Empire figures before 1914 were in favour of imperial federation, a closer union which could, under a tariff wall, face the threat of Germany and America. This was the dream of the association called "The Round Table" largely based on members, all Oxonian, of Milner's famous "Kinderergarten" which tried to deal with the aftermath of the Boer War—disastrously as events turned out.

Nine came from New College where Milner, after his Balliol career became a Fellow, and four from All Souls. The guru of the Round Table was Lionel

Curzon, one of Oxford's most crashing bores, who dominated endlessly about an imperial Parliament long after it was a clearly hopeless cause. Neither the Oxford ideal of closer empire nor the later one of a freely associated commonwealth of countries governed by the rule of law was in the event to be realised. Perhaps the Oxford critics of Empire were right—and some Oxonians were very critical: the Empire really was Oxford's last lost cause.

This is an interesting book on an interesting subject even if it is slightly disjointed, somewhat anecdotal and has a conclusion which is not very conclusive. But the author has investigated the Oxford connection with the Empire between the mid-19th century and the Second World War. Aspects that have not been examined before. His book will be essential reading for the Editors of the History of Oxford University currently being published in eight volumes. But it is more than a source of future historiography. It stands on its own feet.

Robert Blake

Doing his best

THE CHARACTER FACTORY: BADEN-POWELL AND THE ORIGINS OF THE BOY SCOUT MOVEMENT by Michael Rosenthal. Collins. £15.00, 355 pages

MICHAEL ROSENTHAL, Associate Dean of Columbia College, New York, and previously the author of a book on Virginia Woolf, takes here a long hard look at the Boy Scout movement. With an erudite parade of evidence, some of it brought into the light of day for the first time, he discovers all manner of hidden factors contradictory of the healthy, fresh-air image that he and I might declare an interest, or rather a lack of interest, in my own experience of scouting, cubbing mainly, was brief and undistinguished. I shall always be grateful for learning how to tie a reef-knot: the bowline, was, and remains beyond my capacity. But until I read this book, Boy Scouts always evoked agreeably nostalgic memories: Ralph Reader filling the stage of the Scala Theatre in Charlotte Street with a vast lustily singing chorus in the annual Gang Show, or Scouts ringing the front-door bell and offering to run an errand for a bob (5p). That sadly has all stopped now.

In our century the youth movement idea was taken over by the likes of Hitler and Mussolini and made to serve their own evil ends. Rosenthal observes that Baden-Powell warmly welcomed both the Hitler Jugend and the Italian Balilla when they first appeared; but then he did a lot of other people him to the realities. Yet 1937 does seem to be slightly late in the day to be trying to establish official relations between the Scouts and the Hitler Youth.

It is one of several profound contradictions unearthed by this author about an extraordinary charismatic individual; B-P was always so nearly on the side of the angels. The anomalies all stem from one basic contradiction: a man whose training and outlook was military, whose great moment of glory was at the end of the Boer War, trying and succeeding to exclude all overt military content from the Scout movement. Scouting had its genesis in the cadet corps of Mafeking during the siege; the boys who ran messages behind the lines and played their part in the

successful outcome crystallised the idea in B-P's mind.

Later, in 1906, he adumbrated it in a letter published in the *Elton College Chronicle*, discovered and reprinted here by Rosenthal. The letter suggests that during the holidays the boys from the Corps should form "clumps" among the youth in their home towns on the model of mediaeval knights and their retainers, and teach the local boys various skills including "how to aim and shoot with miniature rifles."

Much of this early programme and imagery was dropped later but the impulse behind it, to inculcate the average working boy with a sense of obedience, loyalty in the group and teach him to emulate the officer-like qualities of those above him in the social hierarchy, remained. He was to be prepared for all manner of emergencies not least any invasion of these islands by a foreign power.

Had this aim been all there was in scouting it is doubtful if

it would have caught on in the way it did. What Rosenthal does not sufficiently emphasise is that when B-P came to formulate the movement properly he understood that it had not only to be beneficial for boys but fun.

If the cadets of Mafeking were not model officers, there were some popular fictional heroes, Sherlock Holmes and Kim. The entire military mystique was brilliantly transmuted into the lore of the forest; the miniature rifles turned into staves; infantry manoeuvres replaced by exercises in tracking. B-P had the genius to see how the movement could be made universally acceptable. But where did he acquire his detailed knowledge of woodcraft? The chief source was the work of Ernest Thompson Seton whose novel *The Two Savages* published in 1905 while scouting was brewing in B-P's mind narates with appropriate drawings "the adventures of two boys who lived as Indians and what they learned from them." Rosenthal gives an account of Thompson Seton's early relations with the Scout, his resentment at the appropriation of the games and imagery of the woodcraft movement with insufficient acknowledgement and what he considered the betrayal of the purity of its ideal.

Some English readers have seen this interesting, well-argued book as an attack by an American on a hallowed British institution. They forget that the movement is equally popular in America; nor is Rosenthal the only American scholar to have studied it. The critic Paul Fussell, for instance, writes in *The Boy Scout Handbook and Other Observations*.

The pliability and adaptability of the scout movement explains its remarkable longevity, its capacity in flourish in a world dramatically different from its founder's. Like the Roman Catholic Church, the scout movement knows the difference between cosmetic and real change, and it happily embraces the one in avoid any truck with the other. Witness the new American flag patch, now worn at the top of the right sleeve. It betokens no access of jingoism or threat to civilised internationalism. It simply conduces to dignity by imitating a similar affection of police and fire departments in anarchic towns like New York City.

Let us leave it there. Anthony Curtis



Baden-Powell at Mafeking

William Weaver



Alfred Milner: aims in Africa

SONG OF THE SILENT SNOW by Hubert Selby, Marlon Boyars. £9.95, 214 pages

CAN'T BUY ME LOVE by Michael Estorick. Duckworth. £9.95, 210 pages

PAST CARING by Robert Goddard. Robert Hale. £10.95, 501 pages

DIVERTIMENTO 1889 by Guido Morselli. Translated from the Italian by Hugh Shankland, Chatto & Windus. £9.95, 145 pages

PACK OF CARDS: STORIES 1978-1986 by Penelope Lively. Heinemann. £10.95, 323 pages

THE NOTORIETY achieved by Hubert Selby's *Last Exit* to Brooklyn distracted attention from its merits as a meta-naturalistic masterpiece. The Room the finest of all his novels, should be appreciated for what it really is: the courageously meticulous account of a man driven into insane and aggressive paranoia by his tubercular sickness.

Selby is very unusual in these days: as an author who actively loathes the mental horrors he depicts, and sticks grimly to his task of recording them. He has deep compassion, a straightforward vision of decency and kindness—important in our drab and shallow age—and is probably one of the six best novelists writing in the English language. There is even something heroic in his

Alas, his new collection of stories, published by the excellent Marlon Boyars—who has always published him in this country—does not show him at his strongest. He somewhat disperses his power and compassion in these tales of a New Yorker—usually called Harry, but only the same man in as much as he is set upon by his own demons. The novel form is the one most suitable for Selby's genius. However, that is to judge him by his own very high standards. Certainly these are excellent tales—so long, the reader thirsty for the best will think, as Selby is now writing a novel.

Perhaps the best of them is "Fortuné Cookie," in which Selby for the first time demonstrates that he is by no means without humour. It is a story in which most people will recognise themselves. The rest vary in quality: at times Selby is too content to register his own horror at the bleakness of human behaviour without sufficiently interesting us at others he achieves substance. But all in all, this is essential reading, even if here the author is marking time.

Michael Estorick's first novel, *Can't Buy Me Love*, is about a

young man coming to terms with his Jewishness, his resentments and his failures through his reading of the letters of a First World War hero to his family. This hero is fictitious but one assumes he is modelled on Siegfried Sassoon; this does not work. The author has an obsession with aristocratic country life which he has not at all worked out. But the book, not very interestingly written, is full of incidental insights. It is consistently intelligent.

Past Caring is compared by its publisher to John Fowles's *The Magus*. In fact it is fairly confident, but is written more on the lines of Edwardian narratives by such writers as the now neglected Oliver Onions (particularly *According to the Evidence*). It tells of a young history graduate's quest to discover the secret behind the sudden resignation of a promising cabinet minister of Churchill's generation. The secret is predictable, and the story not always exciting.

Divertimento 1889 is a novel by Guido Morselli, well translated by Hugh Shankland. Although he published two non-fiction books in his lifetime, Morselli was only "discovered" as a novelist in 1977 after his death by suicide. He is not now

regarded as "one of Italy's most important 20th century authors," as the publishers claim—but rather as a very interesting one. This novel is a fable about King Umberto I's attempts to evade his responsibilities. It will appeal to those who like highly intelligent, frothy satire, it will irritate those who like substance. But the reasons for the neurotic Morselli's suicide, not long after he wrote it, are always apparent: his notion that readers are better off with untrue "myths" because they cannot help needing them obtrudes unhappily, and gives his narrative a certain sad appeal.

Penelope Lively's stories—there are 34 of them—are consistently witty, carefully written, observant and readable. Perhaps it is churlish, then, for me to complain that throughout my reading of them I found myself wondering just when she would turn goodness into excellence. They lack true edge, and the author is too content to rest on the laurels of her good looks. This very goodness leads us to say "could do better." But we had better be grateful.

Martin Seymour-Smith



Penelope Lively: consistently witty

C. B. GREENFIELD: A LITTLE MADNESS by Lucille Kalleen. Collins. £5.95, 208 pages

LATE PAYMENTS by Michael S. Lewin. Macmillan. £8.50, 225 pages

AN OLD SCHOOL TIE by Andrew Taylor. Collanz. £8.95, 183 pages

THIS LATEST story about the small-town editor Greenfield and his Watson-girl Friday getting Rome's somewhat slow getting started; and the motive force—Maggie's jealousy—is weak for the amount of action

CRIME

It has to inspire. But once the milieu (an encampment of women peace-demonstrators) is solidly established, and once the murder occurs, Maggie drops her petulance and regains her old verve. A minor, but still welcome, contribution to this agreeable series by Lucille Kalleen.

As his admirers will know from past volumes, Lieutenant Leroy Powder of the Indianapolis Missing Persons Bureau is a tough cookie; but his heart—pure gold—is in the

right place, and it guides his actions more often than his head does. In *Late Payments* he gets himself into trouble, but gets various others—including his dialogue partner—out of it. Quirky, original, neatly told. Andrew Taylor's somewhat dodged William Dougal and his friend-antagonist, the disreputable James Hanbury, this time are on the same side, in an Old School Tie, investigating one murder (of Hanbury's wife) that leads to others, in the past and in the present. A thoroughly engaging story, set in a cathedral town.

William Weaver

COLLECTED STORIES by Tennessee Williams. Introduced by Gore Vidal. Secker and Warburg. £15.00, 574 pages

TENNESSEE WILLIAMS is probably best known to the general public as the author of such "sex extravaganza" as *Cat on a Hot Tin Roof* and *Baby Doll*. Gore Vidal has something to say about this aspect of the Williams legend in the Introduction he has written to the American playwright's *Collected Stories*. "For 30 years," says Vidal, "he was... denounced as a sick, immoral fag. A lower middle class WASP. Southern airs-and-graces division." Williams believed what he was told. Consumed with guilt, he turned increasingly to drink, pills and quacks, and the work of his later years ("a fetid swamp" said Time) became a them-fulfilling prophecy. Even in the period of his decline, however—roughly the

Story cures for love

20 years before his death in 1983—he maintained the habit of writing daily, revising endlessly when there were no new ideas. This perfectionism did not make him the world's best writer—his style is full of repetitions and ponderous images—but it kept his art alive. It also established what Vidal, despite his criticisms, recognises as a highly distinctive "narrative tone of voice." The result is an idiosyncratic and compelling collection of short fiction as can be found anywhere in the 20th century.

Vidal—who better than he to be authoritative about his friend's work—divides these sometimes fairy-tale-like tales into four periods: those written up to 1941, when he was 30; the stories of 1941-45 when The Class Menagerie had made his name; the triumphant years from 1945-52 when, as the author of *A Streetcar Named Desire*, he became world-

famous; and the pieces he wrote during the final 29 years.

The first group consists of 13 stories, including the youthful "The Vengeance of Mithras," published when Williams was 17—a curiosity which few had seen until the unnamed editor's dug it out of the files of *Weird Tales*. Also written during this period is "Twenty Seven Wagon Loads Full of Cotton," which was to become the one-act play of the same name and the germ of *Baby Doll*.

The stories of the 1941-45 period are nine in number, and here the material gets sharper, the characters more particular. The third group of 10 begins with the notorious "Desire and the Black Masses" and contains the "The Night of the Iguana," "The Resemblance between a Violin Case and a Goin' and Three Players of a Summer Game." There are 17 stories in the final period, all—even the hackneyed "Miss Goynte of Creene" (white female desires black men)—oddly compelling precisely because of Williams's way of telling them.

Vidal will not have it that these stories are "merely" sketches for Williams's plays. They all began, according to Williams himself, out of physical desire. He would then try to consummate his desire in a story—perhaps while the chase was proceeding. Only if his purpose was unfulfilled would he turn the story into a play—when he could, like God, order life after his own pattern.

That is why he was so compulsive a working playwright.

Now that he has gone so ungenerally into that good night, this sad little man with the gift of tongues, this misfit from St Louis, bids fair to become a cult figure. Vidal, who developed his own conspiracy theory a long time ago, sees him to be a victim of American society's "enduring hatred of women, a legacy from the Old Testament, enriched in due course by St Paul." The gospel according to the contemporary American Puritan is that a man who has sex with another man is behaving like the fallen Eve, and therefore doubly damned. Unlike Vidal, Williams accepted this taboo, although it did not stop him—like Minniever Cheevy—sinning incessantly.

When Williams was in his fifties, Vidal suggests that like *Gwynn Pearce* in "The Knightly Quest," published in 1966, he began to suspect that "at the earth's centre are not a couple of noble mysteries but a couple of joke books." "Right on, Bird," says Vidal (his name for Williams was "the Clorious Bird"). "It was a nice coincidence that just as Tennessee was going round the bend... the United States was doing the same." Or, as the wounded, self-destructing Tennessee himself so sweetly put it in those beady days of flower power and marches on the Pentagon: "You do not have to look into many American eyes to suddenly meet somewhere the beautiful, grave lunacy of Don Quixote's gaze."

Geoffrey Moore

CHESS

THE grandmasters at the Kleinwort Grieverson British championship must renew battle in the autumn after a triple tie last weekend at Southampton. Ghandier, Mestel and Speelman, the three top GM seeds, all scored 8/11, ahead of Fear and King on 7, and seven players, notably 14-year-old Michael Adams, on 7.

Kleinwort Grieverson chief executive John Brew initiated the sponsorship, under the former name of Grieverson Grant, in 1980. With the generous prizes the championship has been well supported by our leading players, and the use of the Swiss playing system, a blend of an all-play-all and knock-out, has permitted large entries; there were 62 finalists at Southampton.

With this encouragement British chess has developed new generations of masters to an extent unrivalled anywhere outside the USSR. All the GM winners last week were silver medalists at the 1984 chess olympics. Snapping at their heels were the IMs in their early twenties, fast ap-

proaching GM standard; and teenagers making promising debuts were not far behind. Almost all the top dozen players were aged under 30, whereas titles contests in rival nations have a distinctly middle-aged look.

In 1979 Nigel Short became an international master at 14 with brilliant performances at the British championship and Hastings. Adams, the new prodigy, faced nine GMs or IMs among his eleven opponents and, assessed on the FIDE rating scale, his performance of around 2,530 points is better even than Short's giant-killing feats. The only clearly superior results by any 14-year-old are Fischer's first US title win in 1958 and Mackinnon's victory in the South American zonal in 1966.

Though the GMs at Southampton found it hard to prove their superiority against the younger masters, they were ruthless enough against untested rivals. Speelman, the holder, played the best chess. White: J.S. Speelman. Black: E.O.M.C. Teichmann. English Opening. 1 P-Q4, 2 P-KN3, 3 P-Q4, 4 B-N2, 4 P-K3, 5 P-Q5, N-R4? 6 Q-R4 ch.

BRIDGE

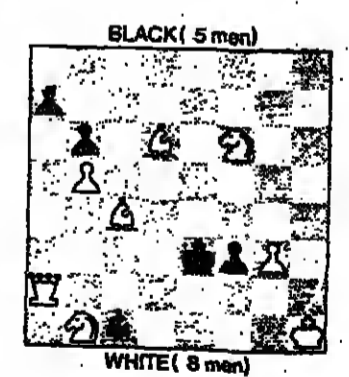
MY FIRST hand today occurred in a duplicate pair:

N. 10954
A 4
A 10 7 8
A 4
W. 7
E. 6 3 2
S. 9 8 7 6 5 2
S. 5 3
W. 7 5 3 2
E. 6 3 2
S. 9 8 7 6 5 2
S. 5 3
W. 7 5 3 2
E. 6 3 2
S. 9 8 7 6 5 2
S. 5 3

North dealt at love all and bid one spade, East overcalled with two clubs, and South said two diamonds. North's best rebid is 1. I think three clubs, then South says three diamonds. North says four spades, South bids five hearts, and South goes to seven diamonds. What surprised me was that no pair hid even the small slam.

PROBLEM No 632

White mates in two moves against any defence (by E. G. Laws). A classical chess vintage 1885, where despite White's long lead in material it takes an obscure move to force mate.



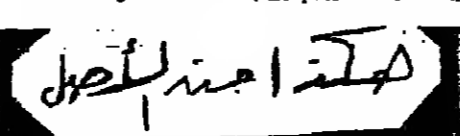
Solution Page XII
Leonard Barden

WORLD DIPLOMATIC GUIDE

WORLD DIPLOMATIC GUIDE is a single informative instrument, permitting its users to obtain the trade and diplomatic missions of any nation in every part of the world. A work of over 800 pages, WDG is an entirely new publication in the field of foreign trade and diplomatic information, the first ever published.

Available now by direct order for £25.00 + £5 p.p.g. Outside UK US\$109.50 post paid. Credit card holders may order. Credit card holders may call. Allow 21 days for postal delivery. Order and remittance to:

Ivings & Shivers Associates Ltd
1221/126 Kilburn High Road, London NW5 4NY, England
Tel: London England 329 1826 or 024 7162 Telex: 254987



Just in time

ARTS

Michael Coveney finds the internationalism of the Edinburgh Festival reflected in offerings from the fringe venues

The exotic and the erotic

EXCEPT for The Traverse, this year's Edinburgh Festival fringe programme has been light on native new writing. But the internationalism of the official programme has been pleasingly reflected throughout the smaller venues, nowhere more prominently than at The Traverse itself, where the Great Peruvian novelists Mario Vargas Llosa was on hand this week to welcome the British premiere of his complex, witty and absorbing sexual comedy Kathie and the Hippopotamus (translated by Kerry McKenny and Anthony Oliver-Smith).

It is a play brim full of dazzling conceit and confection, jumping backwards and forwards in time and is played, in Stephen Unwin's production, with enormous brio and pace. Robert Swann is the writer, a comic fantasist who has lived too long and too deeply in his special subject, the Golden Age of Spanish literature. Janet Amsden, a fine actress, is brisk and glossily pert as Kathie but she is not ideally equipped to suggest the luxuriance of a Lima socialite.

Lodge's brew of escape in travel and sex in academe. A bow inspired by another brilliant foreign novelist, Milan Kundera, caught my eye at the Heriot Watt venue in Grindlay Street. 5 Screams by the Tel Aviv dance group Tmu-Na proved to have little to do with The Unbearable Lightness of Being save for an elaboration on the girl's farewell to her mother as she beads for the city.

these places is a festival in itself, but once rivals the egotistical audacity of "Richard Demarco's Festival" in the George Heriot school; banners proclaim it thus along Lauriston Place, and the magnificent 17th century building, one of Edinburgh's finest haunts, everything from a Manchester student revival of Wesker's The Merchant to Freddie Jones in a one-man show and the British premiere of Lanford Wilson's Boim in Gilead.



The fringe takes to the streets of Edinburgh—members of Oui 3 performing outside the Art Gallery

IF YOUR idea of the sound of Oxford in August is the splash of a punt pole, you may not relish the grinding buses in the High Street, the belted conversations of Texan summer-school students which echo through college quadrangles. Sweeter and far more intriguing sounds lie to the north, far from the buskers, hanging baskets and kebabs-stands, in the new music gallery of the Pitt Rivers Museum.

Man's tireless inventiveness in music-making is the theme of the larger of two permanent exhibitions at the new Balfour Building which opened in June. It is the first part of the long overdue expansion of the Pitt Rivers Museum, Oxford University's collection of ethnography and prehistory. This much-loved museum is not only one of the six greatest ethnographic collections in the world, but a masterpiece as well.

When General Augustus Henry Lane Fox Pitt Rivers gave his collection to the university in 1884, he stipulated that it must continue to be displayed according to his system, which was typological and thematic, not geographic, and looked decidedly out of date by then. Sadly, the general died thoroughly disgruntled with Oxford's handling of his benefaction—so much so that the great wealth he inherited by adopting the surname Pitt Rivers went into a rival museum at Farnham. But thematic collection remains, and richly appreciated now as a museum of museology.

So there is no need for admirers of the Pitt Rivers to fear the expansion; no modernising broom has swept out the gloriously over-stuffed cases. At South Parks Road, Mavington the Nall Fetish still carries his smudged label at floor-height, reminding us of "the long tale of misery" which hangs on every wall in the gallery on Banbury Road, the impression is still of fantastic jumble and the excitement of searching through old chests in an attic.

the museum's archives. A sad hurdy-gurdy player in an old Russian street stays with me still. However, music as entertainment, even music as part of religious ritual, hardly begins the list. Among the whistles some are used to enforce authority, like the policeman's whistle, and the whistling arrows shot to tell the Chinese populace that the Emperor was coming on whom they must not look. Similar ones were used at the Boxer Rising of 1901 to scare the British troops. A Saravak bamboo whistle decorated ducks, and a Japanese whistle strapped to a pigeon's back would scare birds from the crops.

Records

Music with a keyboard

Mozart: Piano concertos in D minor and C. Uchida, Tete/ECCO. Philips 416 381-1 (also on cassette and compact disc). Debussy: Préludes (complete). Four le piano. L'Espey. Ousset. EMI EX 27 0432 3 (two disc; also on cassette and CD). Fauré: Piano music. Stott. Conifer CFC 138 (also on cassette).

Balakirev, Borodin, Cui Messergsky, Rimsky-Korsakov: Piano music. Fingerhut. Chandos ABRD 1171. Shostakovich: Suite and Concertino for 2 pianos. Khachatryan: Suite. Arutunian & Babajanian: Armenian Rhapsody. Tanyel/Brown. Chandos ABRD 1175. Prokofiev: Piano concertos nos 1, 4 & 5. Beroff, Masur/Leipzig Gewandhaus. EMI EG 29 0851 1 (also on cassette).

high noon, even "La Terrasse des audiences du clair de lune." On record that is still true. She keeps to a bold, extrovert scale, muscles brandished and dynamics high. The suggestive titles that Debussy (and his wife) attached to the ends of the finished preludes are barely noticed, though in strictly musical terms Ousset is scrupulous about pace and proportion. The lustiest preludes go with tremendous verve (and so does the suite Pour le piano); the poetically introverted ones bite to make do with prosaic good sense for the pianist — honest soul! — is too polite to insist upon private ideas.

overcome this, not simply with an audio-visual display of instrument-making in Mali, but with beadphones (free), which pick up short-wave radio commentary at each major division of cases.

A five-year-old I was watching clearly could not match what he saw to the bull-roarer at a Gambian circumcision ceremony which he was hearing. His grandmother should not have worried, since he loved dashing round amid a jumble of waird sounds. More mature visitors may find intriguing the instruments. A survey showed that people think of drums as red, strings as green, and wind as blue. The gallery itself is an unremarkable kiosk-based building, which can be added to

off travellers and colonial officials, and carefully noting everything about them. True to the general's principles, it was not for their value and beauty that he acquired instruments, but to represent modification of a type. So we find a fiddle from Assam, made from a cigarette tin and pony hair, plucked from the horse the donor was riding in 1923. Balfour would even buy whistles from village fairs; the tradition continues, for the music curator has added a "friction drum" made from a plastic chicken on a yoghurt pot, and a "duct whistle" sold as a children's sweet.

The extraordinarily varied uses of music comes across powerfully, in part thanks to evocative photographs from

completed her South Bank survey of Mozart's piano concertos with the English Chamber Orchestra, and with herself conducting. The new Philips record of K. 468, the great D minor, and K. 467, the irresistible C major, inaugurates a parallel but different series, with Jeffrey Tate taking over the conductor's duties. No personality looms; the playing is dewy-fresh and confident, with a generous place rightly allotted to the first-desk woodwinds. More polemical readings must be sought elsewhere: these ones deny nothing that matters, but insist upon nothing more than a fairer introduction.

MITSUKO Uchida has just completed her South Bank survey of Mozart's piano concertos with the English Chamber Orchestra, and with herself conducting. The new Philips record of K. 468, the great D minor, and K. 467, the irresistible C major, inaugurates a parallel but different series, with Jeffrey Tate taking over the conductor's duties. No personality looms; the playing is dewy-fresh and confident, with a generous place rightly allotted to the first-desk woodwinds. More polemical readings must be sought elsewhere: these ones deny nothing that matters, but insist upon nothing more than a fairer introduction.

Another newcomer, Margaret Fingerhut, offers a welcome Russian programme devoted to the famous Five, the "mighty handful." It is tilted toward salon-scale (the less quirky Mussorgsky, the younger Balakirev, with tame old Cui represented by his high-romantic gestures for the later Rakhmaninov generation), but is still a valuable prospectus. Where a grander sweep is required, as in Balakirev's most Lisztian moments, Miss Fingerhut is equal to it. This is at once a history-lesson and an undemanding delight.

Also on Chandos, Jeremy Brown and Seta Tanyel offer sensible, thoroughly efficient accounts of Soviet two-piano music: the 15-year-old Shostakovich's precociously rich Suite op. 8 and the much later Concertino op. 84, some vigorous

Potteries' purpose-built

ARTHUR BERRY'S play at the New Victoria Theatre in what we visitors think of as Stoke, but is actually Newcastle-under-Lyme, is built to the age-old pattern of Peter Cheeseman's productions, but the theatre is something new. From the outside, it is utterly unlike the old house in its converted cinema. The low, octagonal red-brick building, standing in a generous tree-lined site given by Newcastle Borough, is a 20th century version of Shakespeare's Globe. But inside, in spite of all the glistening amenities, there is still a feeling of the friendly old house.

There are tiers of handsome and comfortable blue-upholstered seats all round the circular stage, at three levels. Some of the stage-level seats may be removed to make room for extra acting areas. And there is the possibility of housing a hand in the seating area. The play, St George of Scotio Road, is firmly in the Vic tradition. It is specifically aimed at Stoke audiences, and the manner suggests the kind of thing Arnold Bennett might have written if he had lived among pitmen rather than among publishers. The talk is the talk of the local people. Jokes are founded on local interests: "He loves Stoke City more than he loves me." "I love Port Vale more than her." The plot is a familiar story about the inheritance of a dead man's wealth. Enoch Wallwork has died before the play begins. When did

the funeral go off? "Like all funerals—they put him in the hole and filled it in." This is a characteristic exchange, but in fact a lot of the play is written in doggerel verse, sung by the principals and supported by a small mixed-voice choir who slip in by one of the three entrances, to music by Stuart Johnson. Enoch's brother Albert ("a mean old man"), his wife Gertrude, his daughter Muriel, her idle husband Percy and their glue-sniffing son Duggie are the characters that matter. No need to describe the story in detail, which is mostly a series of comic episodes. There is an affair between Albert and Enoch's former mistress; there are two comic builders, one of whom turns out to be Albert's long lost illegitimate son. The author introduces two formerly unknown characters in the last 10 minutes, which is typical of his indifference to his plot-construction.

By the time we know as much about the plot as we have to, and have reckoned on whatever conclusions the author will wish on us—and he is a poor hand at ending an act—we are happy as long as the jokes go on. There is nothing much that can be seriously described as acting, but everyone, on stage and around it, is having a very good

Patricia Morison

David Murray

Radio

Dramatic accompaniment

PROMS OR no proms. Radio 3 has been generous with drama, or near-drama, over the week. The Death of Anton Webern on Monday was near-drama. The Jarvis and Paul Rogers. Radio 4 gave us an admired wartime play on Saturday, Rodney Ackland's The Dark River, for which they allowed two hours. It is characteristic of its day (1942), dealing with the conflict of two men for the loyalty of a woman, and set in a Thames-side house full of the upper-middle-classes who inhabited the theatre at that time. Cathy, the woman, was splendidly played by Jane Asher; the two men, her ex-husband and her intended next, a manufacturer of air-raid shelters, were Andrew Branch and Dermot Crowley, and the director Matthew Walters.

And on Monday, A Schoolboy Dreaming of Africa by Chris Barlas, about a young VSO volunteer in an African territory on the verge of independence. He gets to know Noko, leader of the opposition, who is charged with the murder of Mrs Kelway, from a hidebound Afrikaner household. The Kelways, like everyone else in the script, are mock-up fictional African residents, but the country is recognisably Botswana, or his controller, who wants him rather Bechuanaland, complete with three words of Tswana dialogue. Francis Middleditch

was the VSO, and there was nice playing by Leo Wringer as an African radio announcer and Alton Kumalo as Ntoko. As a rule I don't enjoy Dr Clare's in-depth interviews in the Psychiatric's Chair, but Sir Michael Tippett was more amusing last Saturday than most "patients" are (and I suppose the programme is designed to amuse). "Christ, that's a good question!" Sir Michael responded to one barb. "I don't know, love." He sounded totally likeable, though I should find him more self-absorbed. We must have him on that Desert Island at once. A different kind of character-reading showed in The Black Sheep of the Family (Radio 4, Saturday). Brian King's programme about the music-hall singer Fred Barnes. Were we to remember him for his stage charms, or for his drinking and his sexual deviation? We only heard his songs sung in a modern manner by Al and Dave Sealey, which cannot have given much idea of how they sounded at the Palladium. For here, "Fred Barnes and me, we've got 'em, and no argument about it," said Alfred Lester in his sketch about the White Hope. But there, who remembers Alfred Lester either?

B. A. Young

B. A. Young

B. A. Young

B. A. Young

B. A. Young

B. A. Young

B. A. Young

B. A. Young

WEEKEND FT

SPORT

Golf: Benson and Hedges International

The answer's not a lemon

DRESSED in lemon, Nick Faldo—the horn-again swinger of English golf—strode assertively up his first fairway at Fulford this week as part of a continuing search for the touch and the magic that used to be his.

To be fatiguingly precise, the colour lemon did not manifest itself until the first round of the Benson and Hedges International Open was well under way. This was because Faldo teed off at 9.20 in spiteful rain, with the crowd cover almost brushing the poplars that line the first fairway.

As a result, Faldo started out in dark blue waterproofs, which only later gave way to one of those pastel Pringle sports sweaters he models so successfully. It was not until the 16th hole that the sun burst through, at which point Faldo shed the sweater to reveal a lemon-coloured shirt that instantly attracted a crowd of flying ants.

By this stage, Faldo was level par, as he had been since the 12th, where a second birdie of the morning had finally erased a faltering start that saw bogies at the par-four 2nd and the par-three 5th. Eventually, a birdie at the 18th—where an exalted class of person louches noisily in private dining rooms behind transparent plastic screens—saw him finish one-under-par for an opening 71, which left him well down the field and was nothing to write home about, Fulford being meek.

His putting was not the main trouble, though he had been wickedly short of luck. Nor was it his approach work, which was off-key but sound. The trouble, almost certainly, stemmed from a continuing nigging worry about the effectiveness of his swing, which has not so much been tinkered with as completely rehabilitated over the past 15 months, under the exacting supervision of David Leadbetter, Faldo's Florida-based coach.



Nick Faldo: not quite in the swing

In short, Faldo has reconstructed his swing in an act of profoundest reappraisal that is possibly without parallel in all of professional sport.

How differently it all looked three years ago, when Faldo, while 29, was bracketed with Scotland's Sandy Lyle, Germany's Bernhard Langer, and Australia's Greg Norman as the game's leading non-Americans—excepting, as always, the King of Spain, Seve Ballesteros, who recently became the first man to win £1m plus on the European tour, and who plays in a dimension that is strictly his own.

In 1983, Faldo won five European titles and was the leading European money-winner, having finished fourth, second and fourth in the preceding three years. His 1983 stroke average for 16 events, in 11 of which he was among the top 10 finishers, was 69.03, which the official European Tour Guide for 1986 describes, with nostalgia, as "truly amazing."

Nor was he quite finished, for in 1984 Faldo won the Sea Pines Heritage Classic, making him the first Briton since Tony Jacklin 12 years earlier to win a tour title on American soil. Then it all went put.

fairway only twice, before a marvellous tee shot at the 6th produced a birdie which helped him to finish in style that, he produced some largely excellent striking for the rest of the round.

At the 18th I spoke to him. He was not a jubilant man, nor a bundle of laughs. The reason was that his playing partners, the unconstructed Howard Clark and the unconstituted Greg Turner had played excellent golf of great unfussiness for scores of 66 and 67 respectively, which put them well in among the early leaders who included Mark James, Gordon Brand, Langer, and Lee Trevino.

"There's a few little things that still need working on," said Faldo defensively. "Sometimes it clicks, sometimes it doesn't but my new swing is very close to being ready. I'll get there. It will all come together." He says he knows he's good as Langer and Lyle, and that he's smugly got to prove it by winning his events.

So far this year he's commuted between Europe and the US without making headlines. But don't colour him lemon. He played well at Turnberry, in the British Open, where he was fifth with 287—seven strokes behind Greg Norman, who won, one stroke behind Langer, one ahead of Ballesteros, and eight strokes ahead of Lyle, the defending champion.

And without any fanfare, Faldo is at present ninth on the European money list with winnings of £33,402, the current leaders being Ballesteros, who is way out in front, Clark, Brand, Roger Davis and Ian Woosnam.

Faldo is playing in Europe for the next two months. Then it's back to the US before he visits Japan and Hawaii. That takes him to the middle of November, when he'll start a six-week break. Any day soon he'll be back in the States, tearing up gold courses. But there is one thing he should do. He should burn that lemon shirt.

Michael Thompson-Noel

THERE WERE no rioting mobs in Worthing this week. Nobody kicked a police horse. Nobody was stabbed. And there was no one chundering into the municipal flower beds that light up the bowling greens of Beach House Park with tropical flashes of vermillion and gold.

In short, Worthing was once again host to that festival of decorum, the English Bowling Association's national championships, which punctuate the summer like the eye of a storm before the national blood sport of soccer reopens.

Not that Beach House Park was a quiet as the grave, for whatever their image, bowlers do get excited, and do jump and shout. Now and then applause breaks out, and the air is rent with cries of "There's a clever boy, Doug," and "You can do this, David," and "Lovely line, Trev."

In the main, though, bowls is serene and sedate, and attracts a middle-aged Dad's Army of exponents and supporters in brown shoes and blazers. As matches get underway, supporters lounge in deck chairs and peer from behind their Telegraphs, for there are no Guardian readers here, thank you very much.

Despite its image, bowls attracts a fair quota of the young and thrusting, such as Gary Harrington, a jovial 23-year-old window and office cleaner who is an English international and skippered Oxfordshire in this week's fours. Next week he plays in the pairs and singles.

Last year Harrington was an indoor singles finalist, losing 2-1. Like the majority of bowlers he is virtually self-taught (the started when he was nine). He doesn't train doesn't

Bowls

Jolly good show

Michael Thompson-Noel reports on the sedate pleasures of the bowls world

have a coach, doesn't have a sponsor (his costs are "terrific") but practises virtually every evening and is clearly addicted to a sport whose technical demands and nuances are considerable. For example, you don't just stand there and poodle around, but have to concentrate on grip, stance, delivery and follow-through, let alone the configuration of bowls at the other end, or the maths of impact and bias.

Two other likely lads are Chris Yelland, a solicitor, 38 next Tuesday, and Wynne Richards, a 36-year-old accountant.

Richards plays about 180 competitive games a year. In 1984 he won the English singles title but last year exited in the first



helped make him the king of the game as well as the world's first professional bowler, says the sport has good reason to thank its pioneers, who not only formulated the present rules but were largely responsible for introducing numerous unwritten laws which still form the game's etiquette.

"Always dress correctly for all games," says Bryant. "Compliment your opponent on a good bowl. Stand still when a player is about to bowl. Do not talk or make a noise behind the mat. When a player is delivering, keep to your own cink. Be aware of your shadow. Never criticise—only praise. Always appear that you are enjoying the game whatever the fortunes."

Bowls is still growing, says Jimmy Fims, an official of the EBA, which has 2,688 clubs and 121,000 affiliated members.

On average, the membership is growing by about 2,000 a year. Though it is still very much a sport, because of the virtual absence of professionalism, it is very democratic. You can't buy your way in. Bowlers are only interested in how you bowl, not who you are.

Ahead, lawn bowling flourishes most fiercely in New Zealand and Australia. In Sydney one evening I popped round to the local bowls club to become a ladder. There were no lady bowlers present, just a roomful of males in the grip of the greg, whose awe and wonder at the prospect of a "Pom up a ladder" triggered off obscene speculation.

There was nothing like that at Worthing. Nobody stole a policeman. Nobody was shot. It was almost not real.

Rowing

John Bourne explains the cash crisis in a sport in which British competitors are among the world's best

A RECORD number of gold medals—and a looming cash crisis. This so far is the 1986 story of a famous international sport which England gave to the world.

Ironically rowing in the UK is one of the last remnants of "amateurism." Men and women

some of whom broke course records in Europe and won five golds at Stretchclyde, the largest rowing total by any country in any Commonwealth or Empire Games, will have to pay for being chosen to represent Britain.

Our oarsmen and women racing for medals in the World Rowing Championships, which start tomorrow in Nottingham, will fork out at least £50 each for the honour. For our lightweight men competitors the figure is £100, and for each man in two of the youngest crews it could be £330.

These are contributions to the money Penny Chuter, Britain's director of international rowing, has for crews to line up against some of the fastest racing countries in the world. These include the US, Russia, East and West Germany, Italy, Australia, Canada and New Zealand.

Even then she and her organisers at the Amateur Rowing Association look like heading for a budget deficit. In 1986-87 when the championships end a week tomorrow, and also facing worsening financial problems in the build-up to the next Olympic Games. After the 1984

Games the sponsorship of National Westminster and British Home Stores ran out and this year the Sports Council contributed £150,000, while a further £150,000 came from the council to prepare some British sports events for the Seoul Olympics in 1988.

But all this is unlikely to cover the bills, even though Mrs Chuter has cut the number of events entered and the international regattas where Britain should compete. This year every competitor selected paid £25 for rowing in each European regatta.

Send for the lifeboat

TELEVISION AND RADIO

F.T. CROSSWORD PUZZLE No. 6,101

Crossword puzzle grid with clues and solutions.

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

- ACROSS 1 Being firm about dreadful lions (English) (6) 5 Graduate copper going in for a computer (6) 10 Gave voice about a trainee's insult (5) 11 When a woman prepares for retirement, it's assumed (9) 12 Inapt time for getting snappy (9) 13 Held by college lecturers due to take up appointments (6) 14 A direction to stamp or run (6) 15 He'll assemble a large number and fool the monarch (7) 18 Once perhaps keeping a record for the city (7) 20 Call back to obtain a financial plan (9) 22 Gold tells in Paris, from all accounts (5) 24 "How happy is the... vestal's lot!" Pope (Eloisa to Abelard) (9) 25 Favours the manufacturer of finer heads (9) 26 The high-hearted persons pointed out (5) 27 A hearing device Edward got (6)

- DOWN 1 Bear country (6) 2 Outstanding student of astronomy? (4, 5) 3 Instant industrial action maybe set girl thinking (9) 4 The colour of fellow's line (7) 6 A couple of gamblers improving all the time (3, 3, 6) 7 Stop up for the finish (3) 8 A rest's an change for politicians! (8) 9 The woman getting a little handbag at half-price (6) 16 A dock-worker found to deserve breaks (9) 17 To wit the moh appears game (8)

SOLUTION AND WINNERS OF PUZZLE No. 6,095

- Miss J. Birch, Stamford, Lincs; Mrs C. Dobrynski, Kirk Michael, Isle of Man; Mr W. Howard, Birchgrove, Swansea; Mrs E. Pilling, Blackpool, Lancs; Mr P. Platt, Warrington, Cheshire.

SATURDAY

- 1 indicates programme in black and white. BBC 1 8.30 am The Cleaners, 8.40 The Family News, 8.45 The Saturday Night Show, 10.05 Film: 'The Treasure of Maria Cristina', starring Rary Calhoun, John Grieson and Polar Area, 12.30 pm Grandstand, featuring 1.00 News, Swimming (Newly the Championships); Racing from Newbury; Athletics (Basil Grand Prix); Rallying (Ulster Rally) and Golf (Benson and Hedges International). 5.05 News, 5.15 Regional Programmes, 5.20 The Montreux Rock Festival, 6.10 The Duke of Hazard, 7.00 Sorry! 7.30 Film: 'The Train Robbers' (John Wayne, Rod Taylor and Ann Margat star), 9.00 News and Sport, 8.15 Stanley Baxter's Christmas Hamper, 10.05 'Evita Peran' (Faye Dunaway and James Farnside star in a two-part, four-hour American mini-series), 11.40 Film: 'Ordinary Mary' (Peter Fonda and Susan George star).

- LONDON 6.55 am TV-am Breakfast Programme, 8.25 Gar Fresh! 11.30 Waka Up London, 12.00 News, 12.05 pm Saint & Gravy, 2.16 Comedy Classics, 2.45 Football: The General Motors FA Cup Final, 10.30 The Great Palace: The Story of Parliament, 11.20 Cemo, 11.30 Three in the Wild, 12.00 Cartoon, 12.05 pm Saw Hear, 12.30 Farming, 1.00 News Headlines, 1.05 Bonanza, 1.50 Cartoon, 2.00 Evarandra, 3.00 Film: 'The Grass is Greener', starring Deborah Kerr, 4.40 The Pink Panther Show, 4.58 Great Railway Journeys of the World, 5.00 Wild Britain, 5.30 News, 6.40 Songs of Praise, 7.15 Film: 'Topkapi', starring Peter Ustinov, 9.14 11.30 Reasons, 12.00 Fortune, 1.00 pm Catwinkle, 1.10 Tolebugs, 2.00 Dne Gods, 3.00 Three Gods, 2.30 LWT News Headlines followed by Athletics: England v Poland v Netherlands v Scotland/Wales, 4.00 The Campbell, 4.30 Albion Market, 5.30 Survival Special, 5.30 News, 6.25 Survival Special, 6.30 News, 6.45 Magic Moments, 8.40 Return to Eden, 8.55 News, 9.50 The Real World, 10.20 LWT News Headlines followed by the Noble Savage; Percy Grainger, 11.50 Everest North Wall, 12.45 am Night Thoughts.

TELEVISION AND RADIO

- Paula Frannax, 1.40 am Central Jubilee. CHANNEL 11.30 am Terrahawks, 11.59 Today's Weather, 11.50 pm Elvo Elvo Memorial, 12.40 am Elvo: The Echo Will Never Die. GRAMPIAN 11.30 am The Talebugs, 2.45 pm Feature Film - 'Nerth to Alaska', (John Wayne and Stewart Granger star), 11.50 20 Years On, 12.20 am Reflections. GRANADA 11.30 am Terrahawks, 2.15 Return to Treasure Island, 6.00 The Grumbleweeds Show, 11.50 News, 12.50 am Tales From The Darkside. HTV 11.30 am Terrahawks, 11.58 HTV News, 11.50 pm Elkie Brooks. SCOTTISH 11.30 am Terrahawks, 2.45 pm 'Nerth to Alaska', starring John Wayne and Stewart Granger and Caquans, 11.50 Late Call, 11.55 Jessie. TSW 11.30 am Gus Honeybun's Magic Moments, 11.52 The Glastonbury Festival, 11.57 SW News, 5.05 pm News, 5.17 The Grumbleweeds Show, 11.50 Elvo: The Echo Will Never Die, 12.40 am Postscript. TVS 11.30 am Terrahawks, 11.57 TVS Weather, 11.50 pm Elvo: Memorial, 12.40 am Elvo: The Echo Will Never Die, 1.30 Company. TYNE TEES 11.30 am Terrahawks, 11.50 pm James Brown-Soul Brother No. 1, 12.50 am Poetry of the People. ULSTER 11.30 am Terrahawks, 11.58 Lunchtime News, 12.05 pm Rally Report, 2.45 pm Saturday Matinee: 'Bardolater

SUNDAY

- 1 indicates programme in black and white. BBC 1 6.55 am Play School, 9.15 Knock Knock, 9.30 This is the Day, 10.00 Asian Market, 10.30 The Great Palace: The Story of Parliament, 11.20 Cemo, 11.30 Three in the Wild, 12.00 Cartoon, 12.05 pm Saw Hear, 12.30 Farming, 1.00 News Headlines, 1.05 Bonanza, 1.50 Cartoon, 2.00 Evarandra, 3.00 Film: 'The Grass is Greener', starring Deborah Kerr, 4.40 The Pink Panther Show, 4.58 Great Railway Journeys of the World, 5.00 Wild Britain, 5.30 News, 6.40 Songs of Praise, 7.15 Film: 'Topkapi', starring Peter Ustinov, 9.14 11.30 Reasons, 12.00 Fortune, 1.00 pm Catwinkle, 1.10 Tolebugs, 2.00 Dne Gods, 3.00 Three Gods, 2.30 LWT News Headlines followed by Athletics: England v Poland v Netherlands v Scotland/Wales, 4.00 The Campbell, 4.30 Albion Market, 5.30 Survival Special, 5.30 News, 6.25 Survival Special, 6.30 News, 6.45 Magic Moments, 8.40 Return to Eden, 8.55 News, 9.50 The Real World, 10.20 LWT News Headlines followed by the Noble Savage; Percy Grainger, 11.50 Everest North Wall, 12.45 am Night Thoughts.

TELEVISION AND RADIO

- Anita Dobson, Gloria Hunniford and Paul Shane in We Love TV, ITV, 7 pm at the 60s, 11.00 Albion Time, 1.00 pm Hudwinks starring Ray Hudd, 1.30 Sport on 2 including Football: The GM Charity Shield (Liverpool v Everton), Golf: The Benson and Hedges International, Cricket, Racing at Newbury, Athletics, Motor Racing plus Scottish football results and the return at the 5.00 polo club, 6.00 Ken Bruce presents Two's Best, 7.00 Three News, 7.30 News, 8.00 News, 8.30 String Sound, 10.05 Martin Kelly, 12.05 am Night Dials with Dave Kelly, 1.00 Steve Madden presents Nightriders, 6.00-6.40 A Little Night Music. BBC RADIO 3 6.00 am News, 7.05 Aubade, 9.00 News, 10.05 Stereo Results, 10.40 Da Florid Virtuosi, 11.15 Philadelphie Orchestra with Elmar Oliveira (violin); Busch (Violin Concerto No 1); 11.45

Solution to Chess No. 633 1 Q-R5, Px2; 2 B-B3, or if B-N7, 3 Q-Q2, or if P-B3, 4 Q-NP, or if P-B7; 5 Q-R5, or if K-B7, 6 N-N4, or if K-Q5, 7 Q-B3.